

for Freedom." This compact and factually packed work has furnished countless Americans with a genuine insight into the liberation struggle of the large Ukrainian nation against the domination of imperialist Moscow.

It is my pleasure now to insert in the RECORD, under leave to extend my remarks, an address on the subject of the Ukrainian Insurgent Army, delivered by Dr. Lev E. Dobriansky, professor of economics at Georgetown University and president of the Ukrainian Congress Committee of America, before the Society of Veterans of the Ukrainian Insurgent Army in United States of America, at the Hotel Commodore, New York City:

**THE UKRAINIAN INSURGENT ARMY: PRIME SYMBOL OF FREEDOM IN THE RUSSIAN COMMUNIST EMPIRE**

Anyone who has honestly and objectively reviewed the concrete and tangible evidence provided by the Ukrainian insurgent army in its truly heroic struggle against the tyranny of Moscow-centered communism can arrive at only one conclusion—that the Ukrainian insurgent army is the prime symbol of freedom in the Russian Communist Empire. The imposing record that it has built up in behalf of the forces of freedom behind the Iron Curtain is the object of respect on the part of many leading Lithuanians, Bulgarians, Rumanians, Poles, Slovaks, and Hungarians. It is the object of keen interest on the part of numerous West European nations and many leading Americans. Above all, it is a shining tribute to the invincible urge and aspiration of the highly important Ukrainian nation to cast off the yoke of Russian Communist rule for genuine self-government, sovereignty, and independence.

Many notable events and developments over the past 12 years lend themselves to much sober reflection and appraisal of our own political behavior as a nation. It is significant that while the forces of the Ukrainian insurgent army were fighting since 1942 both the German Nazis and Russian Communists, the Western democracies, whether out of necessity or no, were incautiously allied with the totalitarian forces of the Soviet Union which, to add vinegar to salt, were widely publicized by some of our governmental agencies as being essentially democratic. The threat of the Red totalitarian menace had not yet struck home. But those whose national homes had been invaded, pillaged, and ravaged well knew that the struggle for freedom would not cease with the defeat of Nazi Germany and the elimination of its brand of totalitarianism. Those, like yourselves, who joined the ranks of the Ukrainian insurgent army to

wage battle against both Russian Communist totalitarianism and the Nazi German type were in every sense of the word in the vanguard of the continued struggle for national and individual freedom. The patriotic sons and daughters of Lithuania, White Ruthenia, Poland, Slovakia, and others who aided and collaborated with the Ukrainian insurgent army, who were inspired by its tremendous truth that the Soviet Union is not and cannot be monolithic, are united in this vanguard of freedom.

In full and essential reality, the glorious Ukrainian insurgent army is the manifest historical projection of the continuous struggle of the large Ukrainian Nation for independence. Its spirit is the spirit of the patriot, the spirit of enlightened nationalism, the spirit that every true, patriotic American can easily recognize, sense, and uphold. Its will is one of natural resistance to a dehumanizing force that through skillful technologic means of systematic genocide is unalterably bent upon the destruction of nations, including our own country. The military battles that it fought during and after World War II, even to the point of necessitating the tripartite agreement among Moscow, Warsaw, and Prague to stamp out its military resistance, are feats of human glory that no historian of the contemporary fight for freedom will be able to ignore. The irresistible force of enlightened nationalism, so brilliantly and heroically crystallized in the unassisted exploits of the Ukrainian insurgent army, cannot be extinguished by the Red empire builders of Moscow. It is the basic force of freedom throughout the world today. It is the natural force that Russian Communist imperialism fears most, and seeks to destroy every form of its evidence, as in the case of the Ukrainian insurgent army. Enlightened nationalism—patriotism for God and country—is the preserver of our own nation. And it should be clearly understood that anyone who deliberately plays down the gallant expressions and evidences of enlightened nationalism in either the free world or in the slave world of the Russian Communist empire deserves to be questioned as to his true loyalty. The freedom of nations is as important as, and oftentimes a prerequisite to, the freedom of persons.

Despite the increasing disclosures of the aboveground and underground operations of the Ukrainian insurgent army in the 1940's, disbelief prevailed in the free world as to its very existence. Much of this was dispelled by the appearance of several of its members in Western Germany in 1947, living proof that under extreme hazards made its way from the depths of the Carpathian forests to convince the skeptical free world of the freedom fight being waged in the very front yard of imperialist Moscow. Still, as you and I know, there were some in this country who continued to disinform the

American people as to the existence, no less the performances of the Ukrainian insurgent army. Curiously enough, representing themselves as anti-Communists, they repeated here the denials of Stalin and the Kremlin as to the existence of any such army and its resistance forces in Ukraine and elsewhere. It is this same Russia-first clique in this country, made up of certain Russian emigre writers and politicians, their unwitting American friends, and the most loyal followers of Mr. Kennan, that today argues against any utilization of the powerful centrifugal forces, as represented by the non-Russian nations in the Soviet Union, for the defeat of Russian communism. By their words and deeds, they appear to be Russia first, in its basic territorial empire and its present power, rather than America first, in its proclaimed universal independence of all nations.

The perseverance and continued existence of the Ukrainian insurgent army, now an underground in political rather than military warfare, is a thorn in the side of Kennanism and its advocates of the myth of peaceful coexistence. Despite the change in the administration of our Government, this breed is still heavily entrenched in the State Department, and influences greatly the foreign policy of our Nation. It would like to see no policy formulated toward the Soviet Union other than the one of status quo. But so long as resistance continues on the part of the Ukrainian insurgent army and on the part of other non-Russian groups in the Soviet Union, the day cannot be long postponed when such a formulation will become necessary. The opportunity and capacity for resistance, as exemplified by the Ukrainian insurgent army, constitute also the basis of justification for a sound policy of liberation which, sooner or later, must come to pass. It should come to pass too late, it might well fall short of success.

The expansion of national political undergrounds in the Russian Communist empire is in the crucial interest of our Nation. Aid and assistance for such expansion can only be provided through a policy of liberation interpreted solely as a continuous process of political warfare on the terrain of the Russian Communist empire. Given time—the chief commodity they are seeking today with their New Look of peaceful coexistence—the Russian Communists can attain to a superior advantage of position over us, in spite of all of our alliances, in spite of all of our nuclear weapons. Once their empire is consolidated and the sources of national resistance with leadership reduced to a shell, this position will have been formed for aggression with reasonable expectation of success. Present containment facilitates this: the policy of liberation, with its premium on resistance groups, can obstruct this and save nations from destruction.

## HOUSE OF REPRESENTATIVES

THURSDAY, FEBRUARY 24, 1955

The House met at 12 o'clock noon.

Rev. Clarence W. Cranford, Calvary Baptist Church, Washington, D. C., offered the following prayer:

We pause in this moment, O God, to recognize Thy sovereignty over us. Help us always to remember that we are the sheep of Thy pasture, the people of Thy hand.

We thank Thee for the air of freedom that Americans are privileged to breathe. We thank Thee that among our other freedoms, we are free to worship Thee as we choose. Men have died to prevent Hitler, or any other person, from taking

that freedom from us. Help us not to neglect a freedom that has been purchased for us at such an awful price.

We thank Thee that here every person is considered a child of Thine. Help us, therefore, in our efforts to achieve and maintain liberty and justice, not for just a chosen few, but for all. May the decisions that are made here this day be pleasing in Thy sight, and become effective in lifting mankind to new levels of joy and hope. And whether we pray in Jesus' name, or in the name of the religion in which He worshiped, help us to come to Thee humbly, believing that Thou will give guidance to all who sincerely seek it. Amen.

The Journal of the proceedings of yesterday was read and approved.

## CALL OF THE HOUSE

Mr. O'BRIEN of New York. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently, a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 14]

Avery	Buckley	McGregor
Baker	Cooley	Meador
Bass, N. H.	Eberharter	Norblad
Bolton,	Engle	Powell
Oliver P.	Gross	Prouty
Bow	Keating	Robison, Ky.
Brooks, La.	Kee	Scrivner

Shelley Mich. Young  
Smith, Wis. Wainwright  
Thompson, Yates

The SPEAKER. On this rollcall 402 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### NATIONAL SYSTEM OF INTERSTATE HIGHWAYS

Mr. CANNON. Mr. Speaker, by direction of the Committee on Appropriations, I move that the bills (H. R. 4260 and H. R. 4261) to create a Federal highway corporation for financing the construction of the national system of interstate highways; to amend and supplement the Federal Aid Road Act approved July 11, 1916 (39 Stat. 355), as amended and supplemented; and for other purposes, be re-referred from the Committee on Public Works to the Committee on Appropriations.

The SPEAKER. The question is on the motion.

The question was taken; and on a division (demanded by Mr. CANNON) there were—ayes 87, noes 131.

Mr. CANNON. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were refused.

So the motion was rejected.

#### JOINT COMMITTEE ON THE ECONOMIC REPORT

Mr. FATMAN. Mr. Speaker, the Joint Committee on the Economic Report voted unanimously this morning that 15 days be allowed the committee to file the final report on the Economic Report of the President, and, therefore, I ask unanimous consent that the committee may have until March 15 to file its report.

Mr. MARTIN. Mr. Speaker, reserving the right to object, did the gentleman say that that was unanimously agreed to by the committee?

Mr. PATMAN. It is a unanimous request. The request is made pursuant to section 5A, Public Law 304 of the 79th Congress.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### IN CLOSING MILLS AMERICAN WOOLEN MUST ANSWER FOR HUMAN LOSS

Mr. LANE. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LANE. Mr. Speaker, there is no provision for social responsibility in the decision of the American Woolen Co. to close out its three large mills in Greater Lawrence, Mass.

There is no consideration of the human loss.

We deplore the announcement by Joseph B. Ely, president of the American

Woolen Co., who was given overwhelming support by these textile workers some years ago when he became a Democratic Governor of Massachusetts, that the Wood, Ayer, and Shawsheen Mills of Greater Lawrence would be liquidated.

These mills had a normal employment of 7,200 by a conservative estimate. Many of these workers have given their lives to this occupation.

Some of them, now middle-aged, will never be able to find jobs to replace the ones they have lost unless the closed mills are taken over by other industries.

My point is that the American Woolen Co. cannot abandon these displaced workers. It cannot just lock up the mills and depart, shrugging off all responsibility for the loyal workers it has left behind.

It should make arrangements to have new industries take over these empty mills before it says goodby.

In the past, we have asked the officials of the American Woolen Co., who are now part of Textron American, Inc., which resulted from the recent merger of American Woolen, Robbins Mills, and Textron, Inc., to act on one of the following alternatives:

First. To keep 1 or all of the 3 mills operating in the production of textiles.

Second. To gradually adapt them to the production of goods other than textiles.

Third. To arrange for the sale of these properties to growth industries that will absorb the displaced textile workers.

But the American Woolen Co. refused to cooperate.

Enlightened American industry does not limit itself to the balance sheet.

Raw materials, wages, plant, machinery, sales, taxes, profits, dividends, these do not end its responsibilities.

There are also the human costs and sacrifices.

The textile industry cannot escape its moral obligations to the workers who have stood by it in good times and bad, investing not merely money, but brain and brawn and skill and faith—the essence of their lives—in an enterprise that they believed would never let them down abruptly and completely.

The challenge of the guaranteed annual wage is coming up from the horizon, to test the partnership between the auto and steel industries and their respective employees.

But what elemental security is available for textile workers who are told by management that there is no hope—no even for a day's work—because mills are posted with no trespassing signs so that runaway management can build pilot plants far away?

Mr. Ely, who will become chairman of the executive committee of the consolidation to be known as Textron American, was quoted as saying:

You must remember that this is a business operation, and we have a responsibility to our stockholders.

But Mr. Ely made no mention of the responsibility toward displaced workers. And Mr. Royal Little, who is to be the new board chairman, has no comment.

A hint of a solution may be found in the fact that one of the companies in the three-way merger—Textron—has been gradually moving into other nontextile lines. Most of Textron's earnings during the past year came from this new production.

Why cannot Textron American adapt the Wood, Ayer, and Shawsheen Mills of Greater Lawrence to the production of goods other than textiles in order to keep faith with our workers?

Today, February 24, the directors of the new corporation plan to meet in New York.

Since the end of World War II, 640 textile mills in New England have closed their gates permanently.

Mergers are closing others and absorbing those that will continue to operate, thus concentrating control: American Woolen-Robbins-Textron, M. Loewenstein-Wamsutta, and others. In all of these cases, survival through streamlined efficiency and resumption of earnings is given as the reason.

But many of the merged companies, although losing money during the past several years, have considerable assets and reserves which leads us to believe that powerful forces are behind these mergers—a handful of overambitious men who have little or no regard for the human pawns in the game of pyramiding wealth and economic power.

Monopoly? Conceivably so.

These textile giants have demonstrated no concern for the economic and human loss that has been left in the wake of their maneuvers, as they battle for supremacy in the textile field. The situation calls for a thorough congressional investigation, because no financial manipulations that benefit a few, by taking jobs away from tens of thousands of people, can ever be tolerated by the Government of the United States which has authority to prevent or restrain monopolistic practices under the Antitrust Division of the Department of Justice, and the Federal Trade Commission.

Therefore, I am introducing a resolution calling for an immediate and searching investigation by a proper committee of the House of Representatives into the motives and the far-reaching effects of monopolistic mergers in the textile industry—mergers that are junking mills and machines and human beings.

#### A NOTABLE BEQUEST

Mr. CANNON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON. Mr. Speaker, Hon. S. W. Arnold, a former Member of the House, calls attention to an article by the widely read columnist, Peter Edson, relative to the bequest left by the late Supreme Court Justice Oliver Wendell Holmes. As will be recalled, Justice Holmes, a son of the beloved poet, Oliver Wendell Holmes, one of the outstanding

figures in American literature, served on the Supreme Bench for nearly a third of a century, and on his death in 1935, left a substantial portion of his estate to the United States as a token of his gratitude and appreciation of the Government under which it had been his privilege to live.

When finally probated the bequest amounted to \$263,288.20. It is a matter of surprise to learn that this generous and patriotic legacy to the Nation was apparently placed on deposit without interest, and after lying there for approximately 20 years is still \$263,288.20.

Had it been invested in Government bonds, the most elementary form of safe keeping, the interest on it would have by this time exceeded \$150,000.

Sometime after the receipt of the legacy a joint resolution was passed by the Congress providing for the expenditure of the fund in the establishment near the Supreme Court building on Capitol Hill of an Oliver Wendell Holmes memorial garden. The construction of such a memorial was estimated to cost \$400,000 and as the bequest was \$136,711.80 short of this amount, the matter was dropped, and seems to have been entirely forgotten. Had this gracious and generous contribution by one of America's great jurists received even the most casual attention, the income from the fund would by this time have more than supplied the amount necessary for the memorial.

Mr. Speaker, no condemnation is too severe for the dereliction which up to this time has completely vitiated one of the most remarkable and inspiring incidents in the history of the Republic.

#### LEGISLATIVE PROGRAM FOR TODAY

Mr. MARTIN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute, in order to inquire about the program for today.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. If the gentleman will yield, it was agreed between the leadership on both sides that in relation to the tax bill the debate will be confined to the rule and after a rule is adopted there will be 4 hours of general debate. Then we will go over until tomorrow for further consideration of the bill as provided in the rule under the 5-minute rule for final passage. In other words, there will be general debate today.

If opportunity presents itself thereafter, we will take up the GI voting bill, about which I understand there is not very much controversy. I would like to bring it up because we want to get through with it as quickly as possible. I understand there are legislatures meeting in 44 States, and it is necessary that they have as early an opportunity as possible to enact State legislation to implement and carry out the Federal act which we will pass.

If the conferees on the pay-raise bill agree in time, that will be brought up after general debate.

#### EXPENSES INCIDENT TO INVESTIGATION BY COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. BURLESON. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 31) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That the expenses of the investigations to be made pursuant to House Resolution 30 by the Committee on Interior and Insular Affairs (now comprised of the six former Committees on Insular Affairs, Territories, Public Lands, Irrigation and Reclamation, Mines and Mining, and Indian Affairs), acting as a whole or by subcommittee, not to exceed \$50,000, including expenditures for the employment of stenographic and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration.

The SPEAKER. The question is on the resolution.

The resolution was agreed to; and a motion to reconsider was laid on the table.

#### COMMITTEE ON MERCHANT MARINE AND FISHERIES

Mr. BURLESON. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 89) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That the expenses of the studies and investigations to be conducted pursuant to House Resolution 88 by the Committee on Merchant Marine and Fisheries, acting as a whole or by subcommittee, not to exceed \$50,000, including expenditures for the employment of investigators, attorneys, and experts, and clerical, stenographic, and other assistants, and all expenses necessary for travel and subsistence incurred by members and employees while engaged in the activities of the committee or any subcommittee thereof, shall be paid out of the contingent fund of the House on vouchers authorized and signed by the chairman of such committee and approved by the Committee on House Administration.

Sec. 2. The chairman with the consent of the head of the department or agency concerned is authorized and empowered to utilize the reimbursable services, information, facilities, and personnel of any other departments or agencies of the Government.

Sec. 3. The official committee reporters may be used at all hearings held in the District of Columbia, if not otherwise officially engaged.

Amend the title so as to read: "To provide funds for the studies and investigations to be conducted pursuant to House Resolution 118."

With the following committee amendment:

Line 2, page 1, following the word "That", insert "effective January 4, 1955."

Line 2, strike "House Resolution 88" and insert "House Resolution 118."

The committee amendments were agreed to.

The SPEAKER. The question is on the resolution.

The resolution was agreed to; and a motion to reconsider was laid on the table.

#### PROVIDING FOR EXPENSES OF CONDUCTING STUDIES AND INVESTIGATIONS AUTHORIZED BY RULE XI (8)

Mr. BURLESON. By direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 110) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That effective January 3, 1955, the expenses of conducting the studies and investigations authorized by rule XI (8) incurred by the Committee on Government Operations, acting as a whole or by subcommittee, not to exceed \$495,000, including employment of experts, special counsel, and clerical, stenographic, and other assistants, and which shall also be available for expenses incurred by said committee or subcommittees outside the continental limits of the United States, shall be paid out of the contingent fund of the House on vouchers authorized by said committee and signed by the chairman of the committee, and approved by the Committee on House Administration.

Sec. 2. The official committee reporters may be used at all hearings held in the District of Columbia, if not otherwise officially engaged.

With the following committee amendment:

Page 1, line 1, strike out "January 3, 1955" and insert "January 4, 1955."

The committee amendment was agreed to.

The SPEAKER. The question is on the resolution.

The resolution was agreed to; and a motion to reconsider was laid on the table.

#### INVESTIGATION OF CERTAIN SURVIVORSHIP BENEFITS

Mr. BURLESON. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 128) and ask for its immediate consideration.

The Clerk read as follows:

*Resolved*, That effective January 4, 1955, the expenses of conducting the investigation and study authorized by House Resolution 35, 84th Congress, incurred by the Select Committee To Investigate and Study the Benefits Provided Under Federal Law for the Survivors of Deceased Members and Former Members of the Armed Forces, not to exceed \$35,000, including expenditures for the employment of experts, special counsel, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman of the committee, and approved by the Committee on House Administration.

Sec. 2. The official stenographers to committees may be used at all hearings held by such select committee in the District of Columbia, if not otherwise engaged.

The resolution was agreed to; and a motion to reconsider was laid on the table.

#### COMMITTEE ON VETERANS' AFFAIRS

Mr. BURLESON. Mr. Speaker, by direction of the Committee on House Ad-

ministration, I offer a privileged resolution (H. Res. 129) and ask for its immediate consideration.

The Clerk read as follows:

*Resolved*, That the expenses of the investigation and study to be conducted pursuant to House Resolution 63 of the 84th Congress incurred by the Committee on Veterans' Affairs, acting as a whole or by subcommittee, not to exceed \$50,000, including expenditures for the employment of experts, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman thereof and approved by the Committee on House Administration.

Sec. 2. The official stenographers to committees may be used at all hearings held in the District of Columbia unless otherwise officially engaged.

The resolution was agreed to; and a motion to reconsider was laid on the table.

#### COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. BURLISON. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 131) and ask for its immediate consideration.

The Clerk read as follows:

*Resolved*, That, in carrying out its duties during the 84th Congress, the Committee on the District of Columbia is authorized to incur such expenses (not in excess of \$2,000) as it deems advisable. Such expenses shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman thereof, and approved by the Committee on House Administration.

The resolution was agreed to; and a motion to reconsider was laid on the table.

#### STENOGRAPHER TO THE POSTMASTER OF THE HOUSE

Mr. BURLISON. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 140) and ask for its immediate consideration.

The Clerk read as follows:

*Resolved*, That effective March 1, 1955, one position as messenger, Office of the Postmaster, at the basic salary rate of \$1,940 per annum shall be vacated and in lieu thereof there shall be paid out of the contingent fund of the House, until otherwise provided by law, compensation at the basic salary rate of \$2,300 per annum for the employment of a stenographer to the Postmaster of the House.

With the following committee amendment:

Page 1, line 6, strike out "\$2,300" and insert in lieu thereof "\$2,100."

The committee amendment was agreed to.

The resolution was agreed to; and a motion to reconsider was laid on the table.

#### REVENUE ACT OF 1955

Mr. SMITH of Virginia. Mr. Speaker, I call up House Resolution 153 and ask for its present consideration.

The Clerk read as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4259) to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates, and to provide a \$20 credit against the individual income tax for each personal exemption. After general debate, which shall be confined to the bill and shall continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Way and Means or one amendment to strike out all after line 17, page 4, of the bill, but said amendments shall not be subject to amendment except pro forma amendments which shall be in order. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Illinois [Mr. ALLEN], and at this time I yield myself such time as I may consume.

Mr. Speaker, the rule that has just been called up is one providing for the consideration of the so-called tax bill that has been a matter of quite a bit of discussion recently. I hope I may have the attention of the Members of the House because they will all be interested in knowing how this rule will operate. I want to explain this rule because it is a little bit unusual.

Ordinarily the Ways and Means Committee has a fully closed rule. In this case the Rules Committee has reported for your consideration a closed rule with one exception. That exception is that the bill will be subject to one amendment only. That will be an amendment striking out the provision relating to the \$20 tax reduction. The amendment will be offered subject to the rules of the House under the 5-minute rule. That is, pro forma amendments only will be in order to that amendment. I hope that is clear to everyone.

Mr. Speaker, now I want to talk a little bit about the merits of the bill itself. It is quite important for the Members here to realize just what we are proposing to do to the country by this bill. I may say that I know it is a Democratic bill and I do not like to oppose the Democratic Party. I have been a Democrat longer than most of the people who sit around me and I do not oppose a Democratic measure unless I think it is in the best interests of my country to do so.

May I state here that this is a very dangerous thing for you to do, and I address myself to my colleagues on the Democratic side of the House particularly. We have been running a deficit in this country for some 20 years or more. We are gradually and consistently and continuously going deeper and deeper into debt for future generations to pay.

What we are proposing to do here by this bill is to borrow money to be paid

by future generations for the purpose of reducing taxes for the present generation and I might say—I do not want to be sarcastic—to reduce the taxes for the present generation of voting age. This is too serious a subject for us to play politics with.

Mr. Speaker, in my opinion, we ought to analyze just what we are doing here in dollars and cents. It has been said that we are going to continue the corporation tax and the excise tax and then we are going to give the people a little sop in the way of a reduction of \$20 which will not cost as much and, therefore, the Treasury will gain. That sounds very nice, but what we are actually doing is retaining the corporate and excise taxes for only 1 year with a retention of the \$2,800,000,000; but you are reducing taxes and reducing the revenues of this country permanently at the rate of \$2,300,000,000 a year.

In other words, for the continuation of one tax for 1 year you are reducing taxes permanently to the extent of \$2.3 billion a year. I think that when we sit down with our consciences and think this thing over carefully and think what we ought to do, we are going to say that we ought not to reduce these taxes until the budget is balanced. My friends on the Democratic side, I think between now and the time you vote on this amendment, in your consciences you have got to sit down and study this thing pretty carefully. Yes; I know the Members of the House want to do what is right, and I am not going to criticize anybody for the position that they take. In speaking to you here today I speak only my own sentiments and what I think, and I know that other Members here are just as conscientious about their duties and responsibilities as I am. All I ask you to do is to analyze this proposition that is put before you, and do not think about whether this is going to benefit the Democrats or is going to do harm to the Republicans. I think in a matter of this importance we ought not to be concerned about that any more than we ought to be concerned when we vote on a declaration of war, because unless you have a sound financial system in this country, if you break this Government, it is just as bad as war, if not worse.

All I am saying to you now is, I would just like to ask you to give it serious consideration when this vote comes. Forget politics. There were many of us here last year who, when our friends the Republicans proposed a tax reduction, voted against it. Why can we not forget politics when it is a Democratic proposal and do what is in the best interest of our country? I think when the time comes and the chips are down, knowing the Members of this House as I do know them, and knowing the consciences that guide them in the welfare of their country, they are going to do the right thing; at least, what I think is the right thing.

Mr. FORRESTER. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Georgia.

Mr. FORRESTER. As I understand the gentleman, the gentleman does not think that this is a wise thing to do in

1955 and does not think it is the right thing to do in 1956, or any other time, until the budget is balanced. Is that it?

Mr. SMITH of Virginia. That is exactly my position.

Mr. FORRESTER. I thank the gentleman.

Mr. SMITH of Virginia. I do not think we should do it at all until we have the fiscal affairs of this country in a safe position, and God knows they are in the most dangerous position now that they could be, and anything that you do in the way of further unbalancing this budget is going to increase the pressure of inflation. This \$20, this little money that we are handing out to our constituents, is not going to buy much when you increase this terrible inflationary spiral.

Let me also say this to you, and then I am through: I have a philosophy about taxation that is probably not shared by many of my friends, and I can respect their beliefs about it. I have the philosophy that in order to have good citizenry, thoughtful citizenry, people who are interested in our Government, every person should pay some tax, however small, in order that he might have an interest in the fiscal affairs of his country. Do you know that if you pass this bill today, you will take 5 million taxpayers off the tax rolls? And do you realize that you take away from those 5 million taxpayers the high privilege of participating in carrying on and sustaining the finances of their Government?

Mr. Speaker, I reserve the balance of my time.

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, the able gentleman from Virginia [Mr. SMITH] has explained the rule. This rule provides for 1 hour under the rule and 4 hours of general debate on the bill. I do not believe that much can be added to the American philosophy just expounded by that great American. The first section is the title. The second section deals with the extension of the corporation tax rate which will bring the United States Treasury \$1,750,000,000; and the third section deals with the extension of excise taxes which will bring the Government another \$1 billion.

I know of no one who is opposed to the first three sections of this bill, but there are many who oppose section 4 which gives a \$20 credit and would take 4,987,000 income tax payers completely off of the rolls.

It was stated before the Committee on Rules that individuals making as much as \$5,000 a year would be exempted from paying any income tax at all.

What is the condition of this country? We owe \$278 billion. It has been estimated that we are going to go into the red by another \$2,400,000,000 this fiscal year. In addition to that, we know that we are in a precarious world condition. So I ask you on the one hand what possible logic can there be in continuing taxes which would bring in \$1,750,000,000 from corporations and continuing excise taxes which would bring in \$1 billion, and then on the other hand in

the same bill reducing taxes in the amount of \$1 billion?

I wish to speak about section 4. Using the simple process of arithmetic, \$20 a year means 37 cents a week; that is all it amounts to, just a little more than it costs to purchase a package of cigarettes. With my good friend from Virginia [Mr. SMITH], I cannot conceive how any American would be unwilling, in these precarious times, to contribute 37 cents a week for our military, to provide the best equipment possible for those who are in the armed services; to provide good food and clothing; to provide for our disabled veterans and their widows or orphans; to provide for unfortunate, old people.

I repeat, I cannot conceive of any real American who would feel on the one hand that they should have those deserved advantages and on the other hand say, "I refuse, I am unwilling to pay 37 cents a week toward their provision; just let the other person pay."

The press of the country have called section 4 such things as "pie a la mode;" "lack of financial stability;" and "\$20 prizes." I am not going into that matter, but I do want to make a few observations.

There were no hearings on this section 4. The Committee on Ways and Means met. I think it was agreed and understood that they would consider the extension of the corporation taxes and the excise taxes. According to the best information I have, not a responsible person on the other side of the Capitol, not one responsible person knew about it, but last Saturday this amendment was hurriedly added.

The bill provides for a reduction of these taxes 6 months from now. It starts next January. The Committee on Appropriations has not brought even one bill before the House of Representatives for consideration. Many of my Democratic friends are always voting for amendments to increase appropriations; to put the Government in the red even more. They want to spend more for everything. All of which would increase that \$2,400,000,000 deficit. I repeat no appropriation bill has come before the Congress so we really do not know what the deficit will be.

Some say the President has stated that he hopes to reduce taxes next year. I venture to say that if you appropriate more in this Congress for military purposes and other things the deficit will be much larger than \$2,400,000,000, and the President next year will not be coming in here asking for a tax reduction.

I sincerely believe that this body under these conditions should not vote for section 4 of this bill. If we do a good job and cut down expenditures this year, and world conditions change so that we do not need to spend as much as we now contemplate for military equipment, let the leaders on both sides of the aisle, the Democratic leaders and the Republican leaders, come in here together next January and then, if after considered judgment they feel there should be a tax reduction, it could be done.

In conclusion, let me say this. The President of the United States has come out for peace and prosperity. We all

hope for peace. We all hope for prosperity. But as long as we do not have financial stability, I think you will all agree that we will not have prosperity.

Mr. FORRESTER. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Georgia.

Mr. FORRESTER. The gentleman said that if there was a deficit this year he did not anticipate the President would ask for a reduction next year, in 1956. Pursuing that, under the facts the gentleman has related, may I ask him if he could possibly envision any state of affairs in the year 1956 where the gentlemen on the other side of the aisle would support a tax cut in 1956?

Mr. ALLEN of Illinois. I cannot envision that, if the appropriations this year through the enlargement of the Army, and some on the Democratic side have come out for an increase as high as 100,000 more in the Army, and other benefits and handouts which would increase the appropriations so that the deficit this fiscal year would amount to much more than \$2,400,000,000. Speaking only for myself, I certainly would not favor a tax reduction even next year under such circumstances.

Mr. FORRESTER. Would not the gentleman agree that the argument that is advanced by the gentleman now for 1955 would in the very nature of things have to be applicable for the year 1956? If we take that view today we should take it in 1956 also?

Mr. ALLEN of Illinois. The gentleman is correct.

Mr. FORRESTER. I thank the gentleman.

Mr. ABERNETHY. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. Would the gentleman favor tax reduction at any time before we have a balanced budget?

Mr. ALLEN of Illinois. Not under the present world conditions.

Mr. ABERNETHY. Is that in line with the views of the gentleman a year ago?

Mr. ALLEN of Illinois. Yes. The 82d Democratic Congress in 2 years appropriated \$187 billion. The 83d Republican Congress reduced that \$187 billion appropriated by the 82d Congress down to \$123 billion, a saving of \$63 billion. Many of us on this side of the aisle, I am convinced, thought that was a wonderful reduction. We thought we would be able to make further reductions in taxes. Then along came the Formosa situation.

Mr. SMITH of Virginia. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. DRES].

Mr. DRES. Mr. Speaker, one of the greatest Presidential messages ever sent to this Congress in my lifetime by any President contains these immortal words:

The Nation is deeply gratified by the immediate response given yesterday by the Congress to the necessity for drastic action to restore and improve our banking system. A like necessity exists with respect to the finances of the Government itself which requires equally courageous, frank, and prompt action.

For 3 long years the Federal Government has been on the road toward bankruptcy.

For the fiscal year 1931 the deficit was \$462 million.

For the fiscal year 1932 it was \$2,472,000,000.

For the fiscal year 1933 it will probably exceed \$1,200,000,000.

For the fiscal year 1934, based on the appropriation bills passed by the last Congress and the estimated revenues, the deficit will probably exceed \$1 billion unless immediate action is taken.

Thus we shall have piled up an accumulated deficit of \$5 billion.

With the utmost seriousness I point out to the Congress the profound effect of this fact upon our national economy.

I want to invite your attention to those words which were true when they were uttered, and which are true today, and all history and the experience of all governments has demonstrated time and again the truthfulness and the soundness of this advice:

Upon the unimpaired credit of the United States Government rest the safety of deposits, the security of insurance policies, the activity of industrial enterprises, the value of our agricultural products, and the availability of employment. The credit of the United States Government definitely affects these fundamental human values. It, therefore, becomes our first concern to make secure the foundation. Too often—

I want you to listen carefully to these words especially you who call yourselves liberals—

Too often in recent history, liberal governments have been wrecked on the rocks of loose fiscal policy.

Can there be any question about the lessons of history that governments which lack the courage and the honesty to balance their outgo with their income will ultimately be destroyed? Has not the experiment of extravagance and loose fiscal policy resulted invariably in the destruction of freedom wherever and whenever it has been tried?

Mr. SMITH of Virginia. Mr. Speaker, will the gentleman yield?

Mr. DIES. I yield.

Mr. SMITH of Virginia. The gentleman failed to state what President made that statement.

Mr. DIES. That message is by Franklin D. Roosevelt.

If those words were true, when we had a public debt of \$5 billion, how much more true is it today with a national debt of \$278 billion. The American people should be credited with sense, and certainly with patriotism. Do you believe for 1 minute that the American people who are constantly struggling to balance their budgets in their homes and in their businesses and in their everyday affairs will respect our intelligence and our integrity when, in the face of an enormous public debt and a great deficit, we reduce taxes for political purposes? Not only do we have this debt which our children must pay, but we have the prospect of more deficit this year. It seems to me that the greatness of a generation can be measured by the concern of its people for posterity. A generation which lives solely for itself, which thinks only in terms of immediate advantages and immediate profits, is not worthy of its offspring.

You and I have no moral right to continue to pile up enormous deficits. I voted against the tax-revision bill last year because it provided for reduction. I shall vote against this measure because it provides for reduction. I am not thinking of what will happen to me. I am thinking of my three sons and my grandchildren. I am thinking of the generation that is yet to come, a generation which will inherit a crushing debt as its legacy; and if we continue, what will be the result? The dollar has already lost half of its purchasing power. The dollar is the symbol of our Nation's honesty. When the dollar goes down, it means that the integrity of the Government has diminished. And who loses by it? Not the rich. The rich profit because of their equities, their ownership of stocks, and of lands, and farms, and property that steadily rises in monetary value with inflation. Where there were millionaires 10 years ago there are now billionaires, simply because the price of all lands, all property, and all stocks have skyrocketed as a result of the steady destruction of the honesty and integrity of the American dollar.

What do we face in the future? The greatest crisis in all history. I said on this floor in 1932, I said to this House, that in our age and generation we must struggle for survival; that the insidious forces of communism would not stop until they were either defeated or until the whole world was engulfed in the Red tide. I say to you that those of you who vainly hope that you can prevent the inevitable—I should not use the word "inevitable," because only God can decree inevitability—but a probable showdown between the evil forces of communism, dedicated to the destruction of freedom and liberty, with its heart and core being the conquest of the world, ignore the lessons of history. With such a thing as that facing you and me, with the probability that our cities will be bombed, shall we sit here in apathy, unconcerned and indifferent, and say, "Well, we Democrats have got to beat the Republicans in the draw? We suspect that the Republicans in 1956 will recommend tax reduction, for political purposes. Therefore, we Democrats are going to beat them to the draw."

I wish the President would come out four square and clearly state to the American people, "I will not support a reduction in taxes until the budget is balanced." I plead with him not to evade the issue, but to speak frankly. I believe that if the President will issue such an unqualified statement, the majority of Democrats in this House will oppose reduction, for I know that the members of my party are as patriotic and loyal to America as any one in our land. I know that those who believe in liberalism, in progressive government, who wish to move forward to meet the ever changing needs of the people, understand that the bedrock of all liberalism must be sound fiscal policies. If people demand increased governmental services, as they have during my public career as a Member of Congress, they must be prepared to pay for those services by increased taxes. It is dishonest and wrong that the burden, should fall upon our children and grandchildren.

I plead not for partisanship, not for political advantage, for it is a matter of little moment who wins a political election; those who exalt themselves today pass into oblivion tomorrow. The entire gallery to the rear of us is decorated with the portraits of speakers who have long since been forgotten in the maze of time. Presidents are forgotten, all men are forgotten; the only thing that endures and gives permanence to our lives is the consciousness of duty well done, and I appeal to the Democrats of this House as well as to the Republicans to forget partisanship and political advantage and what will happen to our own little petty political aspirations. This is a great nation given to us by the grace of God. We owe a solemn duty to our children to preserve it for them and for all who are yet to come. America, which has blessed so many of our people, given us an abundance of material and spiritual blessings, America with its goodness and its grandeur—you and I are its trustees; and today let us rise to the stature of statesmanship regardless of what we may think of party; let us remember the glorious heritage of the Democratic Party.

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield the gentleman from Texas 3 additional minutes.

Mr. DIES. I thank the gentleman. Let us remember the immortal words spoken by President Roosevelt in 1933, and before him the words of Grover Cleveland, of Woodrow Wilson, of Thomas Jefferson, of all the great men who have led the Democratic Party, not along the road of bankruptcy and loose fiscal policy, not along the road of cheap politics, but toward the great destiny of our Nation. This is an opportunity for courage and for statesmanship, an opportunity that will not come perhaps again in this session; and I can assure you who may fear political reprisal that if we would only credit the people of this country with more intelligence and more honesty and speak frankly to them and tell them that they can never get something for nothing, that if they want social security and expanded governmental services, they must pay with their taxes, that they cannot get the money from the rich alone but that they themselves must contribute, each and every one of them, to the support of such a vast program, you will have nothing to fear from the voters. We cannot eat our cake and have it at the same time.

I have an abiding faith in the intelligence and honesty of the American electorate; and I for one do not hesitate to say to the people of my great State: I did not come to Congress to be a mountebank or charlatan; I am here to do my duty under God as I see it. I may make mistakes and probably have made many mistakes, but when the welfare and the future of my country is at stake, when its whole progress toward the great and grand destiny which lies ahead is in jeopardy, I shall not hesitate now nor at any time in my career to vote and to speak that which I believe will protect my children and my grandchildren and all the children of this generation.

Mr. ALLEN of Illinois. Mr. Speaker, I yield to the gentleman from Illinois [Mr. SPRINGER] for a consent request.

Mr. SPRINGER. Mr. Speaker, on last Friday the gentleman from Tennessee and chairman of the House Ways and Means Committee [Mr. COOPER] and the gentleman from New York [Mr. REED] each introduced identical bills, H. R. 4200 and H. R. 4201, to extend for 1 year the excise and corporation income-tax rate which would otherwise be reduced automatically on April 1. These two extensions have been recommended by the President as necessary to the fiscal stability of the Nation.

On Friday it was first publicly announced that the Ways and Means Committee would meet on Monday morning and be presented with the so-called \$20 tax-cut amendment.

The House Ways and Means Committee did meet on Monday and the amendment was adopted to H. R. 4200.

There have been no hearings of any kind on the subject of individual income-tax reduction. No one has had an opportunity to express views on this problem which would reduce the revenue for this year by \$815 million and \$2.3 billion a year thereafter. This will add almost a billion dollars to the deficit next year alone. It seems to me to be extremely dangerous to make this kind of a reduction without any hearings at all before the Ways and Means Committee. In my time in the House I cannot remember such a far-reaching measure being put through without any hearings of any kind. With the condition of the budget as it is, it means the Treasury would have to go into the market and borrow an additional \$815 million in 1956 to finance this tax cut and apparently would have to borrow over \$2 billion a year thereafter in order to allow these tax cuts to stay in effect.

Does it seem reasonable to anyone with the least financial responsibility at all that we should take this step without going into the matter thoroughly and giving everyone in our economy an opportunity to be heard?

In the second place, in the orderly process of doing business why should not this tax-cut provision be separated from the extension of the excise and corporation tax bill? That would allow this reduction to be heard on its merit and I am perfectly willing to have it heard in that manner and to give the bill every reasonable consideration.

At this point I ask unanimous consent that I may be allowed to insert in the RECORD several newspaper articles upon this important matter in order that the House may have the benefit of thinking on the tax cut, from all over the United States:

[From the New York Herald Tribune of February 21, 1955]

#### BARGAIN-BASEMENT CAMPAIGNING

The Democrats, rather desperately shopping around for issues, have picked up a little thing in the political bargain basement that they hope will be cheap and popular. It is an across-the-board income tax cut of \$20 for each taxpayer and dependent, to be tacked on to an administration measure extending corporation and excise taxes.

This is about as cynical a piece of petty politics as Washington has seen in a long

while. It is certainly not justified by present budgetary prospects—the deficit would be increased from the \$2.4 billion now expected to at least \$3.1 billion. The impact of the measure would be extremely unequal, wiping out tax indebtedness in the lowest bracket and giving relief of a fraction of 1 percent to those paying the higher rates. By adding the tax cut as a rider to another bill, thus hoping to avoid a Presidential veto, the Democratic leadership is resorting to a device which is unsound in itself and completes a picture of shoddy dealing.

Speaker RAYBURN, after the cut was resolved upon by the Democratic members of the House Ways and Means Committee, announced that the reduction was aimed to help low and moderate income families. "They are the people who will put the money in circulation," he said. To which Representative REED, the ranking Republican member of the committee, retorted: "This would invite every man, woman, and child to line up in front of the Treasury and get a \$20-handout. The American people do not expect or want a handout of this sort especially at the present time of international crisis."

The Eisenhower administration has been working earnestly to reduce the economic burdens which the crisis imposes, without endangering national security. It has endeavored to correct inequities in the tax structure on a sensible basis and, by cutting down unnecessary expenditures, to make possible, an eventual substantial saving to the taxpayer. This approach is not dramatic, but it is essential if the Nation is to have fiscal health, without impairment of essential services. Such an orderly and scientific effort to solve the country's financial problems stands in sharp contrast to the offhand, hasty and dangerous methods of the House Democrats.

Fortunately, one can expect that not every Democrat will join in this raid on the Treasury. Senator BYRD has already attacked the plan. Others may decide that the scheme is too transparent to succeed as a vote-getting device. The American people are wary of politicians bearing gifts. They know they will have to pay the bill in one form or another.

[From the Washington Post and Times Herald of February 23, 1955]

#### TAX CUTS A LA MODE

Democrats on the House Ways and Means Committee engaged in a piece of capricious irresponsibility in approving an income-tax cut of \$20 a person. It is dismaying to see Speaker RAYBURN and Floor Leader McCORMACK lending their prestige to the disruptive kind of politicking. The chagrin of the Democrats over the administration's gambit in holding out hope of a tax cut in 1956 is, of course, understandable. The administration, too, has its eye on the 1956 campaign, and it attempted to steal the Democrats' thunder. The difference is that a cut at the end of this year would play hob with a budget already submitted. It comes with ill grace for the Democrats to be talking about greater defense expenditures and chiding the administration about an unbalanced budget, and then voting to unbalance the budget further.

Moreover, the cut is unnecessary as an economic stimulant. The economy has recovered from the recession, and the pious concern for the plight of low-income taxpayers has far more political than economic justification at this time. All groups benefited from the tax cuts last year. If a further reduction were warranted now, a broad interest in keeping the economy expanding would call for permitting the scheduled reduction in corporation taxes and the elimination of certain excises to take effect. The administration has opposed even these reductions in the current year, and possibly

the Democratic strategy is to put the administration over a barrel by giving it a choice of accepting a \$20 per person cut or a lapse in the higher corporation rate that could be exploited demagogically. The hope of curbing this jag of irresponsibility seems to lie in the Senate and in the statesmanship of such men as Senators GEORGE and BYRD.

[From the New York Times of February 24, 1955]

#### POLITICAL HANDOUT

Led by Speaker SAM RAYBURN, the Democrats of the House of Representatives seem ready to act on the belief that it's politically smart to offer to every man, woman, and child in the United States a \$20 cut in his Federal income-tax bill. This reduction may win a few votes for the Democrats next year; but it is our hope and belief that more Americans will be revolted than pleased by this irresponsible action.

It is irresponsible, as every Member of the House from Speaker RAYBURN down must know, because it would wipe out most of the returns from the proposed extension of present corporation and excise-tax rates. It is irresponsible because this Government is still running at a huge deficit despite valiant efforts of the present administration to bring the budget into balance. It is irresponsible because it is precisely the kind of action that promotes inflationary forces, just at a time when the price level has achieved stability. It is irresponsible because it fosters the idea that we're all getting something for nothing when in actuality we are all obligating our children to pay in the future for our own fiscal cowardice of the present.

Until Speaker RAYBURN and his Democratic colleagues sprang this political trick last Saturday the Democrats had played a moderate and encouraging role in this session of Congress that was bound to strengthen their already great vote-getting power with the mass of independents who are necessary for the success of either party on election day. But how can this \$20 prize to each taxpayer and to each member of his family fail to convince those selfsame independents that a large part of the Democratic Party in the House is still bewitched by that disastrous inflationary philosophy that can do more to undermine the basic security of this country than all the security risks between here and Wisconsin?

The proponents of this 100 percent political deal know that it has not enough merit to stand by itself, or they would not have tacked it on to the administration tax-extension bill as a rider—incidentally, a rider going in the opposite direction from the horse that bears it. They know that it is essential to the Government that the corporate and excise taxes be continued at present levels, and they do not oppose that; but if the \$20 handout remains in the bill they know that the President cannot kill it without vetoing the entire measure. If the rider goes through the House today it will be up to the Democrats of the Senate to save the Democratic Party from itself, and to save the Nation from as crude an example of playing politics with the Nation's fiscal structure as we have seen in several years.

[From the Chicago Daily News of February 22, 1955]

#### A THINNING CLAIM

The pre-November claim that a Democratic Congressman was just naturally President Eisenhower's best friend is wearing thin in the rough game of politics. The bill to reduce income taxes by \$20 per person, approved Monday by the House Ways and Means Committee, is the newest evidence.

The idea is to tie it to the President's own revenue plan in a way that deprives him of

credited for future tax cuts that may be warranted by reduced spending.

Mr. Eisenhower has asked a year's postponement of the drop in corporation taxes from 52 to 47 percent, now scheduled for April 1. He also wants to keep present excise taxes on liquor, automobiles, and cigarettes. To this bill, the Democrats plan to add their proposal that in 1956 every taxpayer shall receive a \$20 tax credit for himself and \$20 for each dependent.

The political appeal of this is that it would take about 4 million persons off the tax rolls entirely. It would also give identical treatment to taxpayers in every bracket—a formula that is much more popular when taxes are being cut than when they are being raised.

The revenue loss for the calendar year would be some \$2 billion, half of which would come in the 1955 fiscal year ending June 30. Inasmuch as the present estimate is for a deficit of \$2.4 billion in the fiscal year, action adding another billion to the debt cannot be justified.

In justification of their political motivation, the Democrats can justly point out that last year's Republican Congress lopped \$1 billion off the excise-tax rates over the President's opposition. They also have Mr. Eisenhower's statement that the administration hopes that further tax cuts will be possible next year.

The strategy of tying the \$20 credit to the extension of other taxes is designed to make it hard for the Senate to block or the President to veto the combined measure. It should not be too difficult, however, to force the extension through at the last minute, when the choice becomes that or no tax bill at all.

With crucial elections coming up, this sort of jockeying for position is to be expected. There is one Democrat, however, who can be counted upon to back the President in this matter. He is Senator HARRY F. BYRD, of Virginia, and he holds the key post of Finance Committee chairman.

No matter how foxy the House may get, Senator BYRD is sure to take the position that tax bills should be determined by revenue needs and not by political advantages. We wish there were more like him.

[From the Washington Evening Star of February 22, 1955]

#### NOT TIME TO CUT TAXES

Secretary of Treasury Humphrey has made a properly forceful protest against the Democratic move in the House to cut individual income taxes at this time. By his estimate, the proposal to give a \$20 tax credit to each taxpayer and dependent would cost the Government \$2.3 billion revenue for a full calendar year. Ways and Means Committee officials estimate the potential loss at \$2.1 billion and point out further that the proposed credit would result in removing about 7 million taxpayers from the income-tax rolls. Whichever estimate of loss is correct, approximately half of the drop in revenue would occur in fiscal 1956—in which the administration already foresees a budget deficit of about \$2.4 billion. Adding a substantial sum to this deficit would increase the inflationary pressures which the administration has succeeded over the past 2 years in bringing under reasonable control, a result which could be greatly damaging to the public interest.

Approximately \$7 billion in tax relief has been given during the past 2 years. In the same period, Government spending has been curtailed to bring closer the prospect of a balanced budget. The administration is recommending now that scheduled reductions in the corporation income tax rates and in certain excises—involving an estimated \$3 billion in annual revenue—should be extended for 1 year at their present levels in the hope that another "general, though

moderate," tax reduction program might be enacted in 1956.

It is unfortunate that political considerations are playing a large part in the maneuvering on tax legislation. For example, the Democratic proposal to reduce individual taxes is attached to the administration plan to maintain current corporation and excise tax rates—a maneuver obviously intended to minimize the danger of a Presidential veto if the combination bill should be passed. Clearly enough, the Government needs the revenue involved in this combination of proposals and it is an act of political irresponsibility to jeopardize it. The Democrats, especially those who are accusing the administration of spending too little on national defense, should not stoop to this kind of shabby politicking with tax revenues.

[From the Washington Evening Star of February 22, 1955]

DEMOCRATIC "WRECKING CREW"—MAJORITY PARTY IN CONGRESS ACCUSED OF LAUNCHING MOST VIOLENT ATTACK IN HISTORY ON THE DOLLAR

(By David Lawrence)

The Democratic majority in Congress has apparently decided to constitute itself a "wrecking crew" with the obvious purpose of wrecking the Eisenhower administration even if it means wrecking the Nation's economy at the same time.

The party that promised the electorate in the congressional campaign last autumn that it would uphold the hands of the President and support his measures now has turned on him and on the country, too, and has embarked upon a course of irresponsibility which cannot be justified even on the ground of partisan benefit. For the new proposal to buy the American voters by giving everybody \$20 off his tax bill and also freeing nearly 5 million voters from paying any taxes at all is the cheapest form of demagoguery.

The worst phase of it is the way it is being attempted—that is, by a trick of legislative procedure which seeks to tie the President's hands so that, if he wishes to veto the proposal, he will also have to veto the continuance of the corporation taxes at the present rate of 52 percent. The Treasury needs the \$1,750,000,000 in revenue which would be lost if the corporation taxes are automatically reduced to the 47-percent rate.

Also imbedded in the tax expiring on April 1—unless extension is voted now—are certain excise taxes which, if not continued, would cost the Treasury another \$1 billion. This is all wrapped up in the same package, which the Democrats assume the President would not dare to veto.

But the proposal to cut off \$20 from everybody's taxes would mean a loss to the Treasury of about \$2 billion. So, if the President vetoes the bill with the \$20 tax cut in it, the Treasury stands to lose about \$1 billion in excise-tax receipts because the Congress wouldn't care to let the corporation taxes go down to 47 percent. A bill to extend corporate taxes could be passed any time between April 1 and December 31, 1955, and still be made retroactive for the full calendar year.

Mr. Eisenhower, therefore, has no choice. He has to veto the \$20 vote bribe, which—because the taxpayers would not get it—the Democrats assume would create widespread resentment at the polls. As between a \$2 billion loss on that scheme, however, and a \$1 billion loss in excise taxes, it is preferable for the President to accept the excise-tax reduction.

There is no certainty, on the other hand, that Congress would refuse to pass a separate bill, after the veto, which would continue the excise taxes; hence, the loss to the Treasury might not materialize at all. Then, if business conditions are booming and tax receipts increase, it may be that in

1956 a general tax-reduction bill could be enacted in which all taxpayers are treated equitably.

The idea of letting anyone who gets an income of \$3,000 a year become exempt from the payment of any Federal taxes at all, including the cost of national defense, is not one that will appeal to the sense of fair play of the electorate as a whole. Yet if the "wrecking crew" have their way, it will mean that many persons in that very income group will be exempt from the payment of Federal taxes.

What may prove to be the most serious damage done by the "wreckocrats" on Capitol Hill, as someone has dubbed them, may be in the effect on the purchasing power of the dollar. If inflation is to be the accepted policy of America for the years ahead—and that's what a continuance of the unbalanced budgets could mean—then the dollar will be driven steadily downward in terms of other currencies of the world.

The Eisenhower administration since taking office has made a heroic effort to work toward a balanced budget. The promise has been made that such a balance can be attained in the fiscal year beginning July 1, 1956, or that it will be so close to a balance as to assure the dollar a sound position. But if the spenders are to take hold then confidence will disintegrate. For if a "\$20-for-everybody" doctrine is to be the political device to win elections, then there is nothing to stop the politicians from making it \$50 next time and so on. It would be joyful news to the Kremlin, which hopes in one way or another to see the collapse of the private enterprise system in America.

There are some Democrats in the Senate, like Senator HARRY BYRD, of Virginia, chairman of the Senate Finance Committee, who are opposed to the idea of any tax reductions until the budget is balanced. But the Virginia Senator will have a hard time blocking the \$20 bribe plan unless other Democratic Senators line up with him to conserve the dollar from the most violent attack that has ever been made upon it. The political conspiracy would have no chance of success if it were not assumed by the "wrecking crew" that the people can be and will be deceived.

Mr. Speaker, it can be readily seen that this kind of action here today without any hearings upon the bill is not sound and is not going to be well received by people throughout the country. For that reason I believe it advisable for the House here today to amend the bill. That will give the committee a chance to separate the extension of the excise and corporate levies. In that way we will be able to bring in the so-called tax reduction measure separately and to discuss the matter on its individual merits. However, for us to pursue this matter and pass this bill in its entirety would certainly constitute an irresponsible action of the worst sort. I can assure my colleagues on the other side of the aisle that I will be glad to consider this matter and to give it every consideration after hearings have been had by the Ways and Means Committee and such a bill is recommended to the House for action.

Mr. Speaker, I ask unanimous consent to insert at this point in my remarks certain articles and charts with reference to the importance of this bill and ask unanimous consent to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 3 minutes to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Speaker, I just want to call attention to one small fact that may be of some influence on the vote that will be taken on this matter after general debate. Since January 2, our gold reserve has shrunken \$1,400,000,000. We have gone into debt during this 6 weeks to the extent of \$10 billion. So that we are worse off today by \$12 billion than we were on January 2.

If I were running my own business, and that is about all I know anything about, is what I run myself, and if my herd of cattle had shrunken by 40 percent and I was going into debt to the extent of double what I had the year before, I would feel strongly that I was headed toward bankruptcy.

It is pretty difficult to understand how the Democrats can make any good politics out of this move because I apprehend when the vote is taken that some of you who voted billions to be scattered all over this world will not be in position then to talk about the reduction of taxes. There is only one good reason I can think of in my mind why I should vote for this bill and that is we should appropriate less so that we cannot carry on some of these great projects. If you would clean out the money you would not have anything to appropriate. But that would be a matter of strategy.

In this case I think it is a dangerous thing for us to hand out \$20. I do not see any reason for it. Why did you not hand out \$2,000? I have not heard any argument on this bill so far to indicate what the equation is. Why did you make it \$20? Why did you not make it \$60 or \$100?

I do not know anything about the attitude of the President because I do not always follow him, but I will follow the President when I think he is right as I have followed Democratic Presidents when I thought they were right. I got a little bit of condemnation from my own side but that did not seem to hurt me any. In this case, if the President opposes this tax cut I will support him because I think this is no time, when we are skidding down \$12 billion in 6 weeks, to talk about a tax reduction. It cannot be that you want to give the people \$20 apiece because you got yourselves some money recently. That would not be the reason, would it?

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, certainly the speeches that have been made here have been eloquent and they have been enlightening. The gentleman from North Dakota [Mr. BURDICK] spoke of supporting the President when the President is right. I trust that I shall offend no one when I recall that the present Democratic leadership in the House of Representatives, being the majority, has frequently said that they were ready to support the President when he was right but they reserved the right to oppose him when he was wrong. Now, I am quite sure that those gentlemen, worthy and estimable as they are, must know in their hearts and minds that in

this opposition to the President's position they are failing to support him when he is clearly and without question right.

You say to me, "How do you document that? How do you establish that?" All right. I will establish it. In the first place, the very way in which this matter is being handled is to me conclusive evidence of its wrongness. The timing of the action here sought to be taken is further evidence, but if you need concrete evidence, the gentleman from Tennessee [Mr. COOPER] in 1947 said this:

We are unable to know yet just what our fiscal situation will be. Only two of our annual appropriation bills have gone to the President. Considerably more than half of our annual appropriation bills are still pending in the Congress. Nobody knows at this point what they are going to finally amount to. \* \* \*

So it is time for us to try to be certain that we can afford a tax reduction before we rush in here for political expediency and provide a tax reduction before we know exactly what our budget situation will be.

How can the gentleman from Tennessee support this action today? Not the first appropriation bill has even been reported by the Committee on Appropriations.

Then, our great Speaker, the gentleman from Texas [Mr. RAYBURN] in 1948 said a number of things in respect to his being disturbed about the economy. And then he added:

Those who would recklessly cut taxes at the risk of deficit spending may, indeed, be endangering their country to enemies, both foreign and domestic, against whom they have sworn to protect and defend.

So I ask in all sincerity, much as I love him and respect him, how does the great gentleman from Texas support the action here today?

Then, last year, the gentleman from Massachusetts [Mr. MCCORMACK], whom, as he knows, I hold in the highest regard, in a colloquy with me when the tax matter was before us, said:

Does the gentleman clearly understand my state of mind?

Now, the gentleman asked me a further question: Do I think tax reductions should take place?

My answer is "No."

He started out then to help us avoid reducing the taxes by backing the amendment to raise the exemptions \$100, which I did not think would help to improve the fiscal situation.

I am glad this thing has developed this way for one reason. It shows what the real situation is. Now, bear in mind we started out to extend the 52-percent tax on corporations. And, would it interest you to know that the other noon, during a speech at the Pennsylvania Manufacturers Association in Philadelphia, Pa., they adopted unanimously a resolution saying that they approved of the extension of that 52-percent rate. I thought that was a fine, patriotic statement, and I thought, by the same token, the people who get this \$20 are willing to pay their share of the Government in these critical times.

We all know that those excise taxes have to be extended. I thought it was all agreed to and understood, and it was, apparently, until last Saturday, after we

had adjourned over the weekend, to be back here for Washington's Birthday on Tuesday, when all at once we read in the paper that a little huddle had taken place, with the result that we now have the \$20 arrangement tied on to the 2 things that must be done, the 52-percent corporation tax and the excises.

Now, I suppose blackjacking is a strong word, and if it is unparliamentary I will withdraw it, but coming from Indiana it well looks to me like this is a sort of blackjacking operation to put the President and a lot of us over the barrel by saying, "Well, if you do not take this \$20, you are jeopardizing the excise extension and the 52-percent corporation tax." My friends, if it is to be a war of nerves, just let me say this, that I have been in them before, and I think the President has been in them before, and we will see who comes out on that.

No, to me it is perfectly obvious that the expectation here is political advantage.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Tennessee.

Mr. COOPER. The gentleman has referred to the Pennsylvania Manufacturers Association. I would like to read one line from a letter from the National Association of Manufacturers, addressed to me as chairman of the Committee on Ways and Means, in which they say:

I urge the committee to give the most serious study to the dangers of continuing the 52 percent rate to April 1 a year hence.

Mr. HALLECK. Mr. Speaker, let me respond to that by saying that I am for the 52-percent rate extension.

In any event these times are too serious for monkey business. The word "irresponsible" is also a rather rough word, but I do not think there is any other phrase that more adequately describes this proposal. And may I say to my friends over here on my right who are in control of this Congress that "You have the majority. Ours alone is not the responsibility for sound fiscal management. You share that responsibility with us, and you ought to be willing to accept it."

I just hope and pray, because I am very sure that over here we are going to be very, very solid, that today and tomorrow, as in times past, there will be enough of you who will stand for what I am sure you know is right.

Tax reductions? I do not know when there will be any more tax reductions.

Mr. FORRESTER. Mr. Speaker, will the gentleman yield to me?

Mr. HALLECK. I yield, if the gentleman would please be brief.

Mr. FORRESTER. I should like to ask the gentleman what is the difference between attacking this problem in 1955 and attacking it in 1956?

Mr. HALLECK. I will answer that. The gentleman from Tennessee [Mr. COOPER], in the statement to which I referred previously, made reference to the condition of appropriation bills in order to see what might be done. I do not know whether any tax reduction can be made next year or not. There has been no commitment, no assurance that

there will be any. And yet that deserves the most careful consideration.

And if I may say further to the gentleman, if there is to be a tax reduction measure, it should not be something like this, dragged out of a hat, with no hearings, no careful consideration. Perhaps there ought to be an increase in exemptions. If we are going to have a tax reduction, possibly we should consider these percentage increases, where we went in 1948 from 16.6 percent to 17.4 in 1950; to 20.4 in 1951; 22 percent in 1953, and then dropped back to 20 percent. If we are going to have a tax reduction, perhaps we ought to go back the same way that we went up. At any rate, this is no time to consider the matter, and certainly it is a subject that should be given much more consideration than it has had up to this time.

Mr. FORRESTER. Mr. Speaker, will the gentleman yield further to me?

Mr. HALLECK. If the gentleman will be brief.

Mr. FORRESTER. I should like to ask the gentleman, in view of the fact that the gentleman says that we are in the majority here now—and that is true—we will be in the majority next year, in 1956; what would be the gentleman's attitude toward making this kind of reduction in 1956?

Mr. HALLECK. As a matter of fact, I will be very honest with the gentleman. As far as I can discover, I see no reasonable prospect for a tax reduction in 1956. But I should like to point out to the gentleman that this is a Democratic Congress, and if there is any political advantage to be gained by a reduction of taxes, the bill will be reported from the Committee on Ways and Means, if and when there is one, and it will have a Democratic name on it and the Democrats will get whatever political advantage there is in it.

Also, as an expert on the subject, I might say that some of us have found out that apparently there is not very much political advantage in a tax reduction. In any event, whatever kind of reduction it ought to be, it ought to have more consideration than this proposal has had. It is true that on occasion we have supported tax reductions. In the 80th Congress, the budget was in balance, because we cut expenditures. In the 83d Congress, as the gentleman from Illinois pointed out, we made tremendous cuts in the cost of government, and reduced expenditures substantially, to a point where we came within striking distance of a balanced budget. As a result we enacted a tax program, may I say to my friends on the right, that did much to prevent a recession you talk so much about and prospects of which was disturbing all of us. So I do not think anything wrong was done. We are now within striking distance of a balanced budget. The real issue is, How are we going to act on these appropriations? All the talk I have heard from some who seem to be the most vigorous in support of this \$20 cut is that we are going to need more money for the Army, more money for the Air Force, more money for the postal workers, more for the classified employees, and we have to spend more money building school-

houses. All the talk has been for more money.

We have a great battle on our hands to hold down the appropriations. Let us not get the cart before the horse, certainly at this particular time. If Democrats and Republicans go to work through this session of Congress and cut these appropriations enough, then you will balance the budget. You might even be able to have some tax reduction. But, as I say, let us demonstrate first our ability to do something about the appropriations.

Word has been spoken here already of the threats of inflation. You know the position of the people who work for a living, and about everybody does, has been improved because the wage increases many have had have not been gobbled up by the decreasing value of the dollar. We have stabilized the value of the dollar under this program and that is real achievement.

Who gets hurt first from inflation? I know there are people in the gallery today who are employees of the Post Office Department. Some of them came to see me. They ought to know and I am sure they do know that the man on a fixed income is the fellow who gets hurt worse as inflation starts over again.

Heed the words of our great Speaker, SAM RAYBURN, who on another occasion pointed out the dangers of inflation. Let us not make this situation worse instead of better. Let us not rock the boat now.

Mr. SMITH of Virginia. Mr. Speaker, I yield the remaining time to the distinguished majority leader the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, my good friend from Indiana [Mr. HALLECK] has forgotten already some of the observations made by the President in his budget message sent up here only a few weeks ago. I quote for his recollection. The President said:

I hope the tax reductions will be so justified next year.

That is 1956.

If so, I shall recommend a reduction in taxes to spread the relief fairly among all taxpayers in a way which will be the most effective to relieve individual tax burdens and to increase incentive for effort and investment.

The very fact that he says he hopes to make a recommendation in 1956, which clearly indicates he intends to, because we all know the Republicans might forget that 1956 is an election year, that he is going to spread the relief fairly, would indicate that the Republican tax reduction bill of last year was not fair. That is the proposition. We are undertaking now to rectify the injustice of the Republican tax reduction bill of 1954 when only a small percentage of the \$3 billion in reductions—and nobody knows what it will be from the long range angle—goes to a small percentage of the taxpayers and in the main to the large corporations. Twenty-three percent of the immediate tax relief and only 9 percent of the long range tax relief contained in the 1954 Republican tax bill went to taxpayers with incomes under \$5,000. Mark that. That violates the

heritage of the Democratic Party, which my friend, which has been referred to, and I certainly am imbued with the fundamental principles of Thomas Jefferson, as every other Democrat is. We believe that taxes should be levied on the basis of the capacity to pay, and that when reductions are made, that the low-income tax groups should not be discriminated against. Everyone here knows that there was discrimination against the low-income group in the tax bill of 1954. The gentleman from Tennessee [Mr. COOPER] very properly presented the issue in the statement he made the other day to the press. I quote:

There is one thing which our proposal will set straight right now and that is whatever the President may have in mind in the way of tax reductions next year—

And do not think, my friends, that he has not because he does—

We will be assured that the low-income taxpayer will be adequately recognized.

Any time anyone stands up in the well of the House to speak for the average person in America where taxes are involved, then we are accused of politics or some other accusation is made against us. The gentleman from Indiana [Mr. HALLECK]—and I like him just as much as he likes me—talked about “a blackjacking operation.” Why, my dear friend is a past master in the art of “a blackjacking operation.” Do you think we have forgotten what happened only a year ago? Do you remember when the Republicans reported out a bill extending certain excise taxes which were expiring and they wanted to make them permanent? We forced them to accept a 1-year amendment. They had to offer it themselves; but what did they do? Did they follow their President? They made him take close to a \$1 billion reduction in excise taxes, and they tagged it on to the bill extending the expiring excise-tax law which brought in the course of a year \$2 billion. So, my friend, you are an able master and we are only copying a page out of your book.

Mr. MARTIN. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. Always to my friend. My friend does not deny what I said, there was a nice blackjacking operation last year.

Mr. MARTIN. I am not going to comment on that.

Mr. McCORMACK. All right, then.

Mr. MARTIN. I ask the gentleman if he thinks two wrongs make a right.

Mr. McCORMACK. Oh, you admit last year was a wrong?

Mr. MARTIN. No, I do not.

Mr. McCORMACK. What we are trying to do today—

Mr. MARTIN. If the gentleman will yield—the gentleman is misinterpreting what I say.

Mr. McCORMACK. What we are trying to do today is to afford relief to the backbone of America, the average person on whom was imposed in the tax bill of last year a grave injustice. I yield to my colleague from Massachusetts.

Mr. MARTIN. Then the gentleman admits that he is wrong this year?

Mr. McCORMACK. No, I do not admit I am wrong this year.

Mr. MARTIN. If that is the case, then I might follow the gentleman.

Mr. McCORMACK. Oh, of course, the gentleman would never follow me.

Mr. MARTIN. I might be sensible about that.

Mr. McCORMACK. But the gentleman may be correct—the gentleman might be correct. When you raise the question of being sensible, I will agree that my friend is always sensible. Even when I disagree with him from his point of view, of course, he is sensible.

Mr. MARTIN. I appreciate that.

Mr. McCORMACK. The gentleman from Indiana [Mr. HALLECK] says times are too serious for "monkey business." Well, it was only the other day when H. R. 1 was under consideration, 65 percent of the Republicans voted against their own leader in the White House. I wonder where the monkey business was then. I exclude the gentleman from Indiana [Mr. HALLECK], and the gentleman from Massachusetts [Mr. MARTIN], but they were the leaders with few followers.

So again, when the question of black-jacking is raised by the gentleman from Indiana [Mr. HALLECK], I will admit he is a past master at it. When the question of monkey business is raised, I will admit that we Democrats are naive.

Now, let us view the facts in their just light. Is there any objective-minded Member in this House looking over the 165 million people, this great country of ours, who thinks the small groups were treated right last year? The answer is "No." Does anyone doubt that next year the President is going to recommend lowering taxes? My dear friend from Massachusetts [Mr. MARTIN], in an interview in the Boston Traveler, about 10 days ago, stated or strongly intimated that they were going to recommend lowering of taxes next year.

Mr. MARTIN. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. MARTIN. Does the gentleman claim that I made the statement we were going to lower taxes?

Mr. McCORMACK. No; I said "intimated."

Mr. MARTIN. We could do that if the gentleman would cooperate with us in making some real economies this year. We will do that.

Mr. McCORMACK. Oh, yes. Last year they put through a tax-reduction bill of about \$3 billion. Secretary Humphrey admits it is \$1,900,000,000, when they knew there would be a deficit of \$4,500,000,000. They are talking about a deficit now, but they did it last year, and they imposed an inequity and an injustice upon the great bulk of America, the backbone of America, the average American and the average American family. Knowing that tax reductions are going to be proposed next year, our intention is to see that there is not another injustice done, by putting upon the statute books this benefit to the lower tax groups, effective January 1, 1956. With the evidence we have, the Democratic leadership and the Democratic Party would be recalcitrant in our duty to the people of America if we failed to do that which is carried in this bill.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. Yes; I yield.

Mr. HALLECK. Of course, I am sure the gentleman will agree with me that if the people on his side should determine there should be no tax reduction, it is completely within their power to block any tax reduction because of the composition of the Ways and Means Committee.

Mr. McCORMACK. My dear sweet-minded friend, President Eisenhower sends up a tax-reduction recommendation, and we propose a reduction for the lower income tax groups, because they were discriminated against last year. What a brilliant and powerful contribution that is to this job. My friend from Illinois [Mr. ALLEN] on one hand comes down here and says in a most pious way, "All it amounts to is 37 cents to each taxpayer each week." But he also says, "It will cost \$2 billion" on the other hand.

Mr. Speaker, the purpose of the Democratic leadership and the purpose of the Democrats on this bill is to correct an injustice that the Republican Party tax bill did last year.

The SPEAKER. The time of the gentleman from Massachusetts [Mr. McCORMACK] has expired.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. COOPER. Mr. Speaker, I ask unanimous consent that all Members speaking on the bill H. R. 4259 may have permission to revise and extend their remarks and include excerpts and material that may be appropriate.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Speaker, I also ask unanimous consent that all Members of the House desiring to do so may extend their remarks on the bill H. R. 4259 at the conclusion of the general debate and include such excerpts and materials as may be appropriate.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4259) to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates, and to provide a \$20 credit against the individual income tax for each personal exemption.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 4259, with Mr. Priest in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Tennessee [Mr. COOPER] will be recognized for 2 hours and the

gentleman from New York [Mr. REED] for 2 hours.

Mr. COOPER. Mr. Chairman, I yield myself 15 minutes.

#### GENERAL

Mr. Chairman, the pending bill carries out the recommendations of President Eisenhower that the present corporate tax rate and certain excise-tax rates be continued for an additional year, from April 1, 1955, to April 1, 1956. It will be recalled that these increases were enacted originally in the Revenue Act of 1951 and were scheduled to drop back to their level before that act on April 1, 1954. They were continued last year to this coming April 1.

In addition to continuing these taxes the bill also would provide a taxpayer a \$20 credit for each of his exemptions.

#### EXTENSION OF PRESENT CORPORATE TAX RATE

The bill would continue until April 1, 1956, the present total corporate tax rate of 52 percent which is now scheduled to be reduced to 47 percent on this coming April 1. This would be accomplished by continuing the corporate normal tax rate at 30 percent which would otherwise be reduced to 25 percent. The 30-percent rate applies to the first \$25,000 of taxable corporate income and the 52-percent rate applies to corporate income in excess of that amount due to the application of the surtax rate of 22 percent.

#### EXTENSION OF CERTAIN EXISTING EXCISE-TAX RATES

The excise-tax rates which will be continued for 1 year, from April 1, 1955, to April 1, 1956, are those on distilled spirits, cigarettes, gasoline, diesel and special motor fuels, motor vehicles, and parts and accessories. This means that on April 1, 1956, the tax on distilled spirits will drop from \$10.50 per gallon to \$9; on beer from \$9 per barrel to \$8; on wine, which is subject to various rates depending on their alcoholic content, the increase was approximately 12½ percent and, of course, the reduction will be in that amount; on cigarettes from \$4 a carton to \$3.50, which is, on a package basis, from 8 cents to 7 cents; on gasoline, diesel and special motor fuels from 2 cents per gallon to 1½ cents; on automobiles and motorcycles from 10 percent to 7 percent; on trucks, buses, truck trailers, and automobile parts and accessories from 8 percent to 5 percent.

#### TAX CREDIT OF \$20

The bill provides a credit against income tax for all individuals of \$20, which credit is allowed to the taxpayer for each of his exemptions. This means that a single person would get a \$20 credit against his tax, a married taxpayer with two dependents would get an \$80 credit against his tax and that a person who is over the age of 65 or who is blind would get a \$40 credit against his tax.

An estate which is now given one \$600 exemption would be given one \$20 tax credit.

The tax credit allowed a taxpayer would not exceed his liability. In other words, if a married taxpayer with 2 children has a tax liability of \$60, the

credit allowed him would be limited to this amount even though, without taking into account this limitation, he would be entitled on the basis of 4 exemptions to a credit of \$80. The effect would be to eliminate completely the tax liability of a taxpayer where such liability is less than the tax credit to which he is entitled. This prevents a situation arising whereby a taxpayer would become entitled to a refund in an amount of the difference between his tax liability and his tax credit. Similar provisions are now contained in existing law in those cases where tax credits are now allowed, such as for dividends and retirement income.

The present requirement that a declaration of estimated income tax must be filed in those cases where a taxpayer's gross income for a year is expected to exceed \$100 from sources other than wages—on which there is no withholding—and is expected to exceed, in total amount, the sum obtained by multiplying \$600 by the number of the exemptions to which he is entitled plus \$400, would be amended by changing the \$600 figure to \$700 in order to adjust this filing requirement to the \$20 tax credit.

The \$20 tax-credit provision would be effective January 1, 1956.

The withholding-tax tables would be revised so as to reflect the \$20 tax credit and thereby increase the take-home pay of taxpayers for income which they receive on and after January 1, 1956. The optional-tax table, which is used by those taxpayers who have an adjusted gross income of less than \$5,000, would be amended so as to reflect the \$20 tax credit.

#### REVENUE EFFECTS

This bill would increase revenues for fiscal year 1955 by \$191 million, and, for fiscal year 1956, by \$1.149 billion. The full-year effect would be an increase in revenue of \$737 million. The \$191 million increase in revenue for fiscal year 1955 would be brought about by the extension of the excise-tax rates, which I have enumerated earlier, through the last 3 months of this fiscal year. The \$1.149 billion increase in revenue for fiscal year 1956 would be brought about by the extension of the present corporate tax rate producing \$1.075 billion and the extension of the excise-tax rates producing \$889 million. The \$20 tax credit would reduce revenues in fiscal year 1956 by \$815 million, giving the net increase of revenues of \$1.149 billion.

In a full year of operation the extension of the corporate tax produces \$1.750 billion and of the excise taxes \$1.080 billion. The reduction provided by the \$20 tax credit in a full year of operation would be \$2.093 billion, giving a net increase in revenues in a full year of \$737 million.

#### NEED FOR THE \$20 TAX CREDIT

Low-income families who account for the vast bulk of our taxpayers received only token relief in the Internal Revenue Code of 1954 last year. The major portion of the relief provided went to businesses and high-income taxpayers. Even those very meritorious provisions such as the allowance for deductions for child care to working mothers, the credit

against tax for retirement income, and so forth, by their very terms were selective and this meant that for a low-income taxpayer to benefit he would have to be in exceptional circumstances. The \$20 tax credit which this bill would provide will benefit each and every taxpayer in the country. It is equitable in that it is distributed to every taxpayer evenly on a dollar basis for each of his personal exemptions. Regardless of a taxpayer's income he would get a \$20 tax credit for each of his exemptions—no less and no more.

The main argument advanced for the selective tax relief which was granted last year was that it was needed to encourage investment in productive capacity. It was my contention then, and it is still my contention, that this is putting the cart before the horse. No sound businessman will expand his productive capacity if he does not envision markets for the goods which he produces. My position has been confirmed by actual evidence. Our gross national product declined from 1953 to 1954 by \$8 billion—from \$365 billion to \$357 billion. We all know that with the increase in our population, labor force, and productivity the level of our gross national product should continually rise just in order to keep pace. Not only did it not rise in 1954, compared to 1953, it slid backward. Investment in plant and equipment has continued to decline since the middle of 1953.

Another reason for providing a \$20 tax credit for taxpayers for each of their exemptions is to reduce to some extent the unbalance in our tax system which was brought about by the tax relief provided last year in the Internal Revenue Code of 1954 for businesses and taxpayers in the high-income brackets.

I would like to bring to the committee's attention a statement by the President in his recent budget message, wherein he said:

I hope that tax reductions will be so justified next year. If so, I shall recommend a reduction in taxes to spread the relief fairly among all taxpayers in a way which will be the most effective to relieve individual tax burdens and to increase incentive for effort and investment.

Both administration and congressional leaders in the last Congress had the country believing that the relief which they granted in the legislation which they sponsored was spread fairly among all taxpayers. By now those taxpayers who have already filed their returns for 1954 have found for themselves that this was not true. I can think of no better proof of this fact.

The \$20 tax credit will make a reality out of the hope expressed by the President in his statement which I have just quoted and we, on our part, by enacting this credit, will insure that all taxpayers, about whom the President finally seems to be concerned, will be given fair and equitable tax relief.

Of the total tax relief of \$2.093 billion provided by the \$20 tax credit, \$1.374 billion, or 66 percent, will go to taxpayers who have an adjusted gross income of less than \$5,000. It will relieve almost 5 million taxpayers completely

from tax liability, and everyone of these taxpayers have an adjusted gross income of less than \$5,000.

I note that it is estimated in the current budget that our deficit for the year 1956 will be \$2.4 billion. Since the \$20 credit proposed would not become effective until January 1, 1956, this would add approximately \$815 million to the estimated deficit, making the total \$3.2 billion. I would like to point out that the deficit for the current fiscal year was estimated at \$4.5 billion, which is \$1.3 billion higher than the estimate for the deficit for the fiscal year 1956 after taking into account the revenue loss involved in the \$20 tax credit proposal.

I feel that this tax relief for these low-income taxpayers is justified, and that the amendment which will be offered to strike this provision from this bill should be voted down, and that the pending bill should be passed as it was reported from your committee.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. CURTIS of Missouri. Were those various figures and estimates, and so forth, considered by our committee at the time this measure was presented? Did we have hearings? Did we discuss this?

Mr. COOPER. Of course, that question hardly does the gentleman from Missouri credit. He was present. He knows there were no public hearings held on the bill.

Mr. CURTIS of Missouri. Will the gentleman explain why there were no hearings?

Mr. COOPER. If the gentleman does not have anything more important than that to suggest, I should like to continue. The gentleman knows the full committee agreed to not hold public hearings.

Mr. CURTIS of Missouri. May I ask the gentleman to explain to the House why hearings were not held?

The CHAIRMAN. Does the gentleman from Tennessee yield to the gentleman from Missouri?

Mr. COOPER. I do not yield further. If the gentleman cannot make any more contribution than that to this discussion, I do not care to detain the Committee with that kind of a question.

Mr. REED of New York. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, we have heard a great deal here about the debt. I wonder who created this debt. Which party created this debt of \$275 billion?

I might go back just a little bit here. I made a few notes. I have a little record. Back in the 80th Congress we cut taxes by \$5 billion a year. Old folks over 65 years got an extra \$600 exemption. Seventy-one percent of the tax reductions went to people earning less than \$5,000 per year. We gave the country the largest surplus in history. We pared \$6 billion from Truman's padded budget demands and paid off \$7 billion on the national debt, the first reduction in 17 years. Eight and five-tenths billion dollars surplus was left in the Treasury in 1948.

There has been a good deal said here with regard to tax policy. I introduced a bill to cut taxes and to revise the laws,

and I followed a sound principle that I do not think anybody can deny; that is, that when your country is moving into a depression business and individuals must have a stimulation so that they can have jobs and prosper.

As the result of those tax cuts, what happened? What is the condition of the country? You have a stable dollar now. You have people employed now. You are having payrolls built up all the time to take up the unemployed that are coming into the market every year. We stopped inflation. The cost of living has been stabilized. What we hope today to do, with your assistance, is to prevent inflation, which means that we do not want to see the cost of living begin to climb again.

Inflation is taxation. It always has been. I followed carefully the condition in Germany under inflation. Long before that I studied in detail the effect of inflation on France. Look at her Government today. She is still suffering from that inflation of more than 100 years ago. The question is whether it will not be another 100 years before she recovers from that inflation. They shake and tremble in France whenever there is the slightest threat of further inflation, even to this day. They became so desperate at one time for cheap money that what did they do? They sacrificed the church property and all the gold that was in the churches at the time. They said that was the finest backing possible for stable money. Now we have to watch our step on this question of inflation, and that is what we Republicans are trying to do.

We stimulated business. As I said, business is prospering. People are at work. Business has confidence, and that is going to create more revenue. What are we doing here? Let me give you a little outline of what I have to say on the Democratic inflationary Mills proposal.

Mr. Chairman, last Friday, Chairman COOPER and I each introduced identical bills, H. R. 4200 and H. R. 4201, to extend for 1 year the excise tax and corporation income-tax rates which otherwise would be reduced automatically on April 1. These two extensions have been recommended by the President as necessary to the fiscal stability of the Nation.

The deficit for fiscal 1956 is estimated at \$2.4 billion, assuming that these two tax extensions are enacted.

Last Saturday morning, Speaker RAYBURN had a meeting in his office of 8 of the 15 Democratic members of the Committee on Ways and Means—a bare majority. They got their orders then to cut the guts out of our Nation's fiscal program.

They announced through the press Saturday night—and that was the first any of us learned about the plan—that our committee would meet Monday morning and be presented with this tax-cut amendment. We met Monday and it was rammed down our throats.

No hearings have been held on the subject of individual income-tax reduction. The public has had absolutely no opportunity to express its views on the

problem. No other method of income-tax reduction was even discussed in our committee. No consideration was given to the impact of this proposal upon the fiscal stability of the Nation. Not even a guess was hazarded as to next year's budget and economic situation. Still it was rammed through.

Let us take a look at what is in this bill.

First, it contains the corporation-tax extension.

Second, it contains the excise-tax extensions.

Third, it provides, effective next January 1—10 months away—a \$20-tax credit for each taxpayer, his wife, and other dependents.

This proposal will cost \$815 million in fiscal 1956 and \$2.3 billion a year thereafter. Therefore, it will add almost a billion dollars to the deficit next year alone. It will reduce receipts after 1956 by \$2.3 billion a year.

If the majority are honest and sincere in their belief in individual income-tax reduction, why do they not propose such a cut to take effect now? The answer is simply this—even the Democrats realize that present defense and other budget needs make such an immediate reduction unwise and irresponsible. If that is the case, what crystal ball permits them now to foresee the budgets cuts which will justify a \$2.3 billion tax reduction next January? Obviously, none.

The Democratic leadership have tied their individual income-tax proposal to the two extensions of the excise-tax and corporation income-tax rates. These two extensions will retain \$2.8 billion of revenue. Practically all are in agreement on the absolute necessity of these extensions in order to preserve the fiscal stability of the Nation, and the Democratic leadership is taking advantage of this situation by making their two point three billion income-tax reduction a part of the extension bill. They hope by this legislative device to make responsible consideration of their proposal impossible. I challenge them to answer this question: "If you sincerely believe that your proposal is justified, why do you not offer it separately so that it can be considered on its own merits?" That, at least, would represent orderly process. Of course, the answer to the question is that such a procedure would not serve their purpose of embarrassing the administration and hamstringing its program.

We are told that this proposal is designed to help the little fellow. We are told that the Republican program has not done so. Do not be fooled by that old chestnut. I say to you that the President, by bringing about financial stability, has done more to help the average person in this country than tax cuts such as this can ever do.

Look at the record. Inflation has been stopped. Workers are no longer losing a major portion of their wage increases through price increases. Retired people, widows, and surviving dependents no longer find that hard earned savings are being destroyed by increases in the cost of living. This is an accomplishment of which we can all be justly proud.

Let me quote from press reports of what the staff economists of the A. F. of L. told their executive council recently:

Unionized labor fared better in 1954 on the wage front than in any other postwar year. Higher hourly wages and stable living costs had given most workers their greatest postwar gain in purchasing power. This was true even though the average pay rise of 5 to 9 cents per hour was modest by comparison with increases in previous years. Last year the wage earner got the full benefit of a fatter pay envelope. In other years inflation gobbled up much of his gain.

That is our real accomplishment. We have no apology to make to the wage earners of the country.

We have given the country a sound dollar. We have stopped the ruinous increase in the cost of living. That means more to the people of this country than any tax reduction. We have given the American people new confidence in the free enterprise system.

That is what this dishonest tax reduction proposal drawn up by the CIO is designed to destroy. It is not designed to help the little fellow. It is designed to destroy confidence in our economy. It strikes at the very heart of the administration program.

Do not be fooled by the propaganda and trickery. The very future of our country and its economy is at stake. If you put your country above politics, you will vote to strike this tax-cut proposal out of the bill.

Mr. Chairman, there is nothing so important to every person in this country as the great heritage that has come to a free people. We are still in the balance. We are still confronted with enemies at war. We know that our chief enemy has brought within its power something like 800 million people. They are all lined up against us. We have this war in the Pacific. I think too much of my country to do anything that would possibly damage it. We cannot afford to do it. Think of the wonderful system we have under our great Constitution. We ought to be all pulling together now when we know that these foreign nations are doing everything in their power to get us into trouble.

I am looking back a little bit. Before this time we had 19 revenue bills come before the House, one following right on the heels of another, which placed a bigger burden on the people of this country.

Mr. MILLS. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, it is not my intention to expatiate at length upon the merits of the bill before us because there is no question about it in my mind. It is not even a matter for debate. The President just does not know what he is talking about when he attacks the \$20 tax cut for each taxpayer and dependent, and which concession is predicated upon the most pressing of all taxpayers' problems—dependency. Just think of what that will mean. A taxpayer in the medium class with a dependent wife and 4 children will get a tax concession of 6 times \$20 or \$120 a year. The President derides that and belittles the Congress, or I should say the Democrats, with his reference to

our lacking "courage" because we failed to make this proposal in a separate bill.

I wonder who it was that lacked courage in the 83d Congress, 2d session, when the Republicans made several shifts in the tax law in order to give a very special concession in a tax cut having to do solely with the upper crust among taxpayers who derive most or all of their incomes from unearned sources; namely, dividends. There was no courageous outcry on his part at that time for the President is with big business, and big dividends for big stockholders, first, last, and above all. He did not know, or if he did he was ominously silent, that of the 71 million subject to the income tax approximately 4 million receive dividends, and, mind you Members of the House, about 10 percent of the 4 million or 400,000 receive 80 percent of all dividends paid out by our prosperous corporations. It would take no courage whatsoever for a righteous President to have protested that kind of a move and to condemn it, but this did not occur.

He could have supported the \$100 increase in dependency exemptions but our courageous President failed to take advantage of the opportunity which we Democrats advocated and presented. Now, however, granting a \$20 concession for each taxpayer and each dependent seems to roll the President until he is unable to rationalize and arrive at the only sensible answer, so he belabors the Democratic leadership and the Democratic members of the Committee on Ways and Means for this just and far-sighted proposal. It labels the President clearly as an opponent of the average taxpayer and puts him in the proper perspective and place.

I think this is an opportune time, Mr. Chairman, to insert for the RECORD three exhibits, A, B, and C, which are self-explanatory:

EXHIBIT A

OCTOBER 29, 1954.

The PRESIDENT,  
The White House,  
Washington, D. C.:

Do you deny that the 11 percent individual income tax cut of 1954 was provided by the automatic expiration date of December 31, 1953, by the Democratic tax bill which was passed and became the law in 1951 and that therefore neither you nor the Republicans did anything about it but let it take its course? Do you deny that the total estimated tax cuts as provided for by the same Democratic tax bill of 1951 totaled approximately \$8 billion as compared with a \$7,500,000,000 cut claimed in the rewritten Republican bill which you signed? Do you deny that the Republicans nullified the excise tax cuts we Democrats provided in the tax bill of 1951 which were to expire April 1, 1954, on cigarettes, liquor, beer, wine, and automobiles and that you Republicans set the expiration date a year later to April 1, 1955? Didn't you, Mr. President, in fact recommend making these excise taxes permanent? Do you and the Republicans deny delaying the expiration dates of the excess-profits tax, the excise taxes above-mentioned as provided in the Democratic tax bill of 1951, and do you deny opposing higher exemptions for all taxpayers demanded by the Democrats so that an unwarranted tax cut could be given to stockholders whose income derives from dividends? Do you, I repeat, deny this? I respectfully request an immediate simple and unequivocal reply

to these pertinent questions so that the people may have the truth before going to the polls on Tuesday, November 2. Your administrative assistant, Gerald Morgan, who is right at your side as a former adviser to the Ways and Means Committee on tax legislation, can give you the answers in less than 5 minutes and you are free to promptly release the facts to which the people are entitled directly from the White House. Either you and the Republicans are wrong in making spurious and unfounded claims which mislead the people about tax reductions or I am. Believe me, I am not wrong, because I am right. I was there and helped write these tax-relief provisions in 1951.

JOHN D. DINGELL,  
Member of Congress, Ways and  
Means Committee, 15th District  
of Michigan.

EXHIBIT B

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, D. C., November 16, 1954.  
The PRESIDENT,  
The White House,  
Washington, D. C.

MY DEAR MR. PRESIDENT: On Friday, October 29, preceding the election, I sent you a telegram pertaining to the misrepresentation rampant throughout the country relating to claims made by the Republican candidates and their party spokesmen from top to bottom with reference to recent tax cuts. I pointed out that these claims were for the large part in error and untrue and I sought your assistance and cooperation in making the truth known by a statement of fact emanating from you as the President and head of the Republican Party. To date I have not had even as much as an acknowledgment that you received the telegram.

For the benefit of the people I felt I should bring to their attention the truth of my contentions that the Republicans as a party had nothing whatsoever to do with providing that an approximate 11 percent reduction in individual income taxes should take place on January 1, 1954. All they did was to merely extend the date of payment of these and other taxes 1 month to April 15 for 1954, and the ensuing years. I say to you now that there was a serious attempt made to split this 11-percent cut to 5½ percent relief for 1954 and 5½ percent for 1955, but this was defeated because of the attitude of the solid Democratic minority, which expected a sufficient amount of support from Republicans who feared it as a political threat. I contend, moreover, that the Democratic tax bills of 1951 provided automatic expiration dates for a total reduction of \$8 billion per annum while the Republicans have, instead of reducing taxes, actually in net effect increased them by \$1.4 billion by delaying the expiration of the excess-profits tax and continuing the corporate rate of 52 percent for another year. The Republican claim of cutting excise taxes was spurious because the Korean increases were not permitted to expire as provided for in the Democratic tax bill of 1951 on April 1, 1954. The termination date of these taxes on automobiles, whisky, beer, wine, gasoline and cigarettes was delayed under the Republican tax bill and will take effect April 1, 1955, 1 year later than provided for in the Democratic bill of 1951. I specifically asked whether or not you recommended to the Congress that these excise taxes be made permanent. This in particular I stressed and asked for your verification.

The telegram pointed out to you that the Republicans provided favored treatment for a relatively small and preferred class of taxpayers who derive their incomes from the unearned source of dividends paid to stockholders. It further stated that the Republicans, by a solid party vote in the Committee on Ways and Means, of which I am a member, rejected the Democratic substitute proposal

to provide additional exemptions for all taxpayers instead of exempting dividends from taxation as income. The Republicans took the same position on the House floor.

I should appreciate an early reply to my questions.

Respectfully yours,

EXHIBIT C

THE SECRETARY OF THE TREASURY,  
Washington, December 7, 1954.  
HON. JOHN D. DINGELL,  
House of Representatives,  
New House Office Building,  
Washington, D. C.

MY DEAR MR. DINGELL: This is to acknowledge and reply to your telegram of October 30 and your letter of November 16 to the President, relating to the recent tax reductions. The following facts seem to me to be the most significant ones in answering your questions.

When this administration took office, tax reductions involving an annual revenue loss of \$8 billion were scheduled to take effect between July 1, 1953, and April 1, 1954. There was also an estimated deficit in the Federal budget for the fiscal year 1954 of \$9.9 billion. If expenditures had been allowed to remain at the level planned by the previous administration and the scheduled tax reductions allowed to go into effect, the result would have been a severe blow to the stability of the economy and a sharp stimulus to the further deterioration in the value of the dollar.

By a vigorous scrutiny of the spending programs of the Federal Government, this administration was able to recommend substantial reductions in appropriations and to curtail sharply the disbursement of previously appropriated funds. Actual expenditures in the fiscal year 1954 were \$10.1 billion less than the estimate of the previous administration. It was this reduction in expenditures which made it possible for the Republican Congress to permit and enact the \$7.4 billion in tax reductions this year.

As you know, the \$7.4 billion includes the \$3 billion cut in individual income taxes of January 1, 1954, a \$1 billion reduction in excises on April 1, and the elimination of the inequitable and repressive excess profits tax. The total also includes reductions of \$1.4 billion in the fiscal year 1955 under the Internal Revenue Code of 1954.

Of the \$7.4 billion, no less than \$4.6 billion, or 62 percent, was for the direct benefit of individuals. Of the \$4.6 billion, about \$1.7 billion, or 37 percent, went to taxpayers with incomes of \$5,000 or less. Previously, such taxpayers paid about one-third of the total take from the individual income tax and those excises which were reduced.

If the so-called automatic reductions had been allowed to take effect as scheduled, more than half of the direct benefit, or \$4.2 billion, would have gone to corporations; whereas, corporations received only 38 percent of the \$7.4 billion reduction which the economies of this administration made possible.

Sincerely,

GEORGE M. HUMPHREY,  
Secretary of the Treasury.

Preceding the election, on October 29, 1954, I sent a telegram, which is exhibit A, to the President seeking a true statement regarding the automatic tax cuts which were previously provided by the Democrats. I merely sought to correct the misrepresentation of the Republicans during the campaign. I wanted the President to answer whether we Democrats were entitled to the credit, or any part of the credit, or whether the tax cuts were the sole accomplishment of the Republicans. I received no reply whatsoever. My purpose of course

was to get the reply before election because the Republicans were using or misusing the opportunity for their own particular advantage by misleading the people, but the President lacked the initiative or the "courage" about which he now speaks so boldly and remained silent. I was compelled to write him a letter, marked exhibit B, under date of November 16, 1954. Even then I failed to hear from the President. Instead he took the way out so customary in the Army and "passed the buck" to Secretary of the Treasury, George H. Humphrey, from whom I received a letter dated December 7, 1954, and which is marked "Exhibit C." While I will not at this juncture treat the reply as thoroughly as I shall later, I shall, however, refer to the spurious claim of the Secretary that the so-called tax cuts were made possible only because of the Republican record of the 83d Congress and the savings effected. That is the purest kind of bunk imaginable. The tax law of 1951 governed the situation, and the Democratic tax cuts would have become effective on the stipulated dates regardless of whether there were any savings or not. As a matter of fact, there was a tremendous deficit of \$3.1 billion for the same fiscal year. There properly was no saving and no tax concession argument could be predicated on the Secretary's claim. One other point I want to stress directly and strongly is that Mr. Humphrey claims that the Republicans have increased the amount of the tax cut to the individual income-tax payer as originally provided for in the Democratic tax bill of 1951. But, deliberately, I am sure, the Secretary of the Treasury fails to admit to me, and I pass it on to you and to the people, that the added percentage to the individual taxpayer is due to the tax cut applicable to the unearned income from dividends to which I so strenuously objected then and still oppose. The Democratic cut accrued to the benefit of all income-tax payers, but the additional percentage was the big bonus that went to the favored coupon-clippers who are fortunate enough to collect dividends. When last I visited President Truman at the White House I remember seeing on his desk a small sign which stated, "Buck passing stops right here." It is too bad that President Truman did not leave that little admonition for the benefit of his military successor, who throughout his lifetime has been so used to the practice, or if President Truman did leave it behind that it was set aside or ignored. When I write a letter to the President I believe, in matters pertaining to taxes at least, I am entitled to a personal reply embodying the President's own ideas or opinions. As I pointed out in my telegram, the President had one of the shrewdest advisors on tax matters, who had served with the Committee on Ways and Means, at his right hand and in the White House where he could have given a straightforward reply to my inquiry in a brief moment. But the President did not want the people to have the requested facts. Thus he who now charges Democratic leadership and the Democratic members of the Ways and

Means Committee with a lack of "courage" failed to give a prompt and a simple answer to an honest question.

My telegram to the President as well as the letter requesting a reply points up and stresses the fact that the Republicans aside from granting extra-special concession for the coupon clippers, who receive so much or all of their income from dividends, in their tax bill of 1954 proposed a delay of the automatic corporation tax cut from April 1, 1954, to April 1, 1955, as well as delaying elimination of the so-called Korean excise taxes. This year the President asked Congress to extend the corporation tax rate of 52 percent instead of permitting the scheduled reduction to 47 percent on April 1, 1955. The President courageously, oh so courageously, recommended that the already delayed automatic reduction of the Korean excises, which are largely borne by the poor, also be continued. For all practical purposes this means the same thing as a similar move made by the Republicans in the 80th Congress, and which applied to the excises levied in 1941; that is permanency. The Republicans are sales-tax-minded and they will courageously do anything to make this type of tax borne by the consumers, which means 97 percent or more of us, bear the burden, with the greatest stress upon the man having the greatest number of children and other dependents. That too, my friends, is an indication of the kind of courage our President has in mind when he charges the Democratic leadership and the members of the Committee on Ways and Means as lacking in courage when we did not provide for a separation of the \$20 individual income-tax cut from the extension of the excise and corporation taxes which he recommended and asked for. That to my notion is a contemptible reference and a spurious argument. The President knows, if he knows anything, that the Democratic proposal to grant a concession to those who need it most because of the heavy burdens of dependency is germane and can properly be included along with his recommendations about the continuance of the Korean excise taxes and the 52 percent corporation tax rate. There is nothing courageous about the President's attitude, clothed as it is in Presidential aura, in demeaning the Democratic Members of Congress, and especially the Democratic members of the Committee on Ways and Means, now in majority, who have forgotten more about tax and fiscal matters than he will ever learn. This same group has served to maintain the country in a state of solvency more than 20 years.

The President if he chooses can show real courage by vetoing this bill which the House is sure to pass, with the Senate concurring. Will he do so? I doubt it. The House leadership and the Democratic members of the Ways and Means Committee propose nothing in this bill which the President did not have in mind when he recommended the extension of the Korean excise taxes and the retention of the 52 percent corporate income tax rate, as well as a tax cut which he did not delineate but mentioned as

a possibility in his budget message to the Congress. We Democrats are merely providing for this concession to the taxpayer now; but we make its effective date January 1, 1956.

If the President who spoke so deprecatingly about congressional courage or lack thereof, wants to set an example of courage all he need do, I repeat, is to veto this bill when it gets to him. It is a challenge I know he will not dare accept, even though it is the President's privilege and responsibility to do so in view of his stated convictions. He will learn that the Congress which has the right to propose and dispose will have the courage to overwhelmingly override his veto. Therein lies the test of Presidential and congressional courage.

Apart from the excise taxes and other matters let me add that I support fully the enactment of H. R. 4259. I would prefer that the bill not provide for the extension of the Korean excise tax rates. I endeavored to have this extension defeated in committee. However, because I believe it is essential that low-income taxpayers receive tax relief and because I believe a 1-year extension of the 52 percent corporate rate is necessary, I am in favor of the enactment of H. R. 4259.

My voting record will clearly indicate that I have consistently opposed the imposition of excise taxes and any rate increases with respect to excise taxes. My opposition to these Federal sales taxes stems from the fact that they are viciously regressive and have their greatest impact on low-income families. In many cases these excises are imposed on articles that could be considered necessities under our American standard of living. In addition to unfairly taxing the incomes of our small taxpayers, excise taxes have also adversely affected the level of business activities and the jobs of American labor.

In the last session of the 83d Congress, the Republican majority voted to report a bill extending for 1 year the excise-tax increases enacted in 1951 to finance the Korean war. One of the excises extended in this measure was the 10-percent tax on automobiles. This tax was continued at this exorbitant rate at a time when the automobile industry was laying off thousands of persons in my home city of Detroit. The automobile industry was at that time in a depressed condition and the continuation of this high excise tax on automobiles did nothing to alleviate the situation. I fear, Mr. Chairman, that we may soon again find automobile production forging ahead of sales with the result that job layoffs will occur in the automobile industry.

In view of the record of the Republican Party with respect to excise taxes, it does not surprise me that President Eisenhower has again requested that these excise taxes be continued at their present level. I would remind my colleagues in the House that the infamous Republican 80th Congress made permanent the temporary wartime excises that had been enacted to finance World War II. In extending the excise taxes last year the Republicans endeavored to make the Korean war increases a part of our perma-

ment tax structure. The Democratic Members in the House forced the Republican majority to agree to limiting the extension for 1 year. President Eisenhower has now asked the Congress to extend these excises for another year. Mr. Chairman, let us tell the President now that this is the last year we will extend these iniquitous excises. We will not let the Republicans again make temporary war excises a part of our permanent tax structure. Let me again state, Mr. Chairman, that I am opposed to the extension of the excise-tax rate increases because of their regressive effect and the unfair way in which they tax low-income families.

I regret that it is necessary to continue the 52 percent corporate rate but it is my belief that this rate must be continued until such time as the budgetary situation will permit substantial reductions in individual income taxes and excise taxes.

With respect to the sections of H. R. 4259 which extend a \$20 tax credit to individual taxpayers, I would like to commend my colleagues on the Ways and Means Committee for their meritorious action in granting this fair and equitable tax relief. Much more substantial relief is necessary and must be soon granted but this is an important first step in the right direction.

I can well understand the concern of the Republican Party over this Democratic action. The President and the Secretary of the Treasury termed this tax relief "political." When it is considered that 65 percent of the tax reduction will be realized by taxpayers with adjusted gross income of less than \$5,000, I suggest it is the Republican opposition to this measure that is political.

The record clearly suggests that giving the small taxpayer a break is not the Republican Party's idea of equitable tax relief. I would call my colleagues attention to what the Republican 80th Congress did in the way of granting tax relief. That Congress enacted a law that gave the average American family of 4 with an adjusted gross income of \$2,400 a tax cut of \$1.46. That is an increase in take-home pay of 3.3 percent. However, in that same tax-reduction measure the Republicans gave the \$25,000 family a tax reduction of \$58.50 a week, increasing the take-home pay for this family by 18.5 percent. The little man got a take-home pay increase of 3.3 percent and the high-income man received a take-home pay increase of 18.5 percent.

The story was no different in the Republican 83d Congress. The Republicans claimed they granted \$7.4 billion in tax relief in 1954. What they neglected to state was that \$6 billion of that \$7.4 billion total came from tax-termination dates which were written into the law by a Democratic-controlled Congress. Actually, the net effect of the affirmative actions of the Republicans in the 83d Congress was to increase taxes by \$1.4 billion. This resulted from an increase of \$800 million due to the 6 months continuation of the excess-profits tax and an increase of \$2 billion due to a continuation of the 52 percent

corporate rate for 1 year. The \$1 billion increase in excise taxes due to the continuation for another year of the Korean excise increases were in net effect offset by the \$1 billion in reductions which were made in excise taxes. So what we have as the Republican record in the 83d Congress on tax reduction is an increase in taxes of \$2.8 billion and a reduction in tax for the fiscal year 1955 of \$1.4 billion with a net tax increase of \$1.4 billion.

What the Republicans did succeed in doing during the 83d Congress was to shift the tax burden from a principle of taxation according to ability to pay to a philosophy of continuing the heavy burden of taxation on low-income families while granting preferential tax treatment to the more fortunate few. It has been estimated that of the claimed \$7.4 billion in tax relief granted by the Republicans, 71 percent of it went to approximately one-third of the taxpayers—that group having adjusted gross income of \$5,000 and over. The remaining two-thirds was realized by the 66 percent of our American families having adjusted gross income of under \$5,000.

The Republican tax relief granted in 1954 ran true to form and took care of the Republicans' friends while doing nothing for the average American. For example, they took care of the coupon clippers in the provision of the 1954 Code which grants an exclusion of a credit against tax for dividend income. When fully operative the coupon clippers will benefit to the extent of \$362 million a year. When you realize that only 8 families out of 100 in the United States own publicly held corporate stock, you can see how concentrated the relief for the individual income taxpayer is in favor of the wealthy.

We all recall how the Democrats in the House of Representatives came within four votes of throwing out the provision for the coupon clippers in substituting a provision which would have increased individual income exemptions by \$100. I opposed the Rich Man's Tax Act of 1954 in committee, on the floor of the House and in conference. I fought the Republican relief for coupon clippers from the time it was first proposed in committee until the conference report was adopted by the two Chambers. Failing in all my efforts to bring about an equitable and balanced tax relief program, I refused to sign the conference report on the new law.

The irresponsible tax discriminations enacted into permanent law during the Republican 83d Congress has made the \$20 tax credit an essential balancing factor that must be enacted into law. The \$20 tax credit provided in H. R. 4259 will help to offset the preferential tax treatment granted by the Republicans. It is a source of great satisfaction to me that table 2 on page 6 of the committee report accompanying this legislation indicates that 5 million families will be relieved from income-tax liability. It is also a source of satisfaction to me that 65 percent of the tax reduction benefits coming from this \$20 tax credit will be realized by families having adjusted gross income under \$5,000.

Mr. Chairman, I have briefly highlighted the Republican record of discriminatory tax relief enacted by the Republican Party and supported by the Republican administration as compared with the fair and equitable tax relief which the Democratic Members of the House are sponsoring today. It is time that the American public received the benefits of a tax reduction program that applies fairly across the board and does not give tax relief exclusively to the wealthy coupon clippers and the large corporations. For that reason, Mr. Chairman, I urge my colleagues in the House to support the enactment of H. R. 4259.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. KARSTEN].

Mr. KARSTEN. Mr. Chairman, after listening to the debates on the tax bill this afternoon one cannot help but come to the conclusion that the Republicans, as well as the Democrats, favor tax reductions. The major area of Republican disagreement centers around the fear that the Republican Party will not receive adequate political credit if this bill is passed today. This is the main basis for Republican opposition.

The Democratic objective in this legislation is to try to grant some tax relief to the working people who were overlooked in the tax bill which passed last year. That bill carried tax reductions of somewhere around \$3 billion but most of this went to coupon clippers and those in the upper brackets.

It is my hope that the bill will have a measure of Republican support. President Eisenhower, in his recent budget message, said:

However, further tax reduction remains a firm goal of this administration. . . . I hope that tax reductions will be so justified next year. If so I shall recommend a reduction in taxes to spread the relief fairly among all taxpayers in a way which will be the most effective to relieve individual tax burdens and to increase incentive for effort and investment.

I should like to point out that the pending bill does not take effect until next year. That is the time President Eisenhower referred to in his budget message. It might also be said that the bill spreads the tax relief fairly among all the taxpayers in such a way as to most effectively relieve individual tax burdens. That conforms with the President's intentions as expressed in his budget message.

Since the November elections, the responsibility of leadership does not rest entirely upon the President. We must not forget the people repudiated the Republican party at the polls. They were displeased with the Republican 83d Congress. The Democratic majority is expected to furnish leadership along with the President and we are doing so in presenting this bill. In carrying out this responsibility, we feel we should indicate the kind of tax relief that should be granted next year. This bill would make it certain that if taxes are reduced as the President indicates the reductions will go to those in the low-income brackets who are least able to bear the tax burden.

The Secretary of the Treasury, Mr. Humphrey, in his appearance before the Committee on Ways and Means thoroughly convinced me that we should pass this bill. He frankly admits he has no program along this line, and it is unlikely he will develop one. He seems to follow the Wilson theory of, "What is good for General Motors and the big corporations is good for the country." Under this theory the little fellow will never get any direct tax relief.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. KARSTEN. I yield to the gentleman from Missouri.

Mr. CURTIS of Missouri. The gentleman realizes he is making a quotation that is out of context and was not true; does he not? We have had that up on the floor of the House before.

Mr. KARSTEN. The gentleman knows I have great respect for his views, but I will have to differ with him, because Secretary Wilson did make that statement, and it plagued you gentlemen on that side of the aisle during the last 2 years.

Mr. CURTIS of Missouri. Secretary Wilson made his statement very clear and I read his complete statement into the CONGRESSIONAL RECORD during debate in the last Congress. I said at that time that I hoped this would put an end to this misquoting. Apparently, my hopes have not been realized.

Mr. KARSTEN. It plagued you for the last 2 years and I venture to say it is going to plague you for the next 2 years.

Mr. Chairman, the controversy about personal income-tax reductions has obscured the fact that this bill is primarily a revenue-raising measure. It continues the present 52-percent corporate income-tax rate which expires on April 1, 1955. In addition, it extends various excise-tax rates, which also expire on April 1. Failure to continue these taxes will result in a revenue loss of somewhere between two and three billion dollars. President Eisenhower has recommended that they be extended because we cannot afford any further loss of revenue this year. In my opinion if we do not continue these taxes there will be absolutely no possibility of any income-tax reductions next year, or in the foreseeable future. It is imperative, therefore, that we act in this matter and that we do so promptly.

I hope this bill will be passed for it is the only way to insure tax relief to those in the lower income brackets. Many of us are afraid the Republican Party in opposing this bill is following the rule of Alice in Wonderland, "Jam tomorrow, jam yesterday, but never jam today." Pass tax relief last year, pass tax relief next year, but never pass tax relief this year. Now is the time for those who really favor tax relief to make their position clear.

Mr. CURTIS of Missouri. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Chairman, while it is fresh in our minds, I should like to comment on what my good friend from Missouri has just said with reference to our distinguished Secretary of the Treasury who appeared before the Ways

and Means Committee a few days ago. In all of my experience, and I have been a member of the Ways and Means Committee for nearly as long as any of its members, I do not know of anyone who came before our committee so courageously and defended himself so completely as did our great Secretary of the Treasury. He convinced me that he is a man that knows his business. He came before the Committee just as soon as he heard about this proposal to grant this \$20 deduction and really knew what would be the result as to what the Democrats were supposed to do. He knew, and we all knew, that this Congress in this session should pass legislation with reference to a number of commodities upon which the excise tax was expiring and that this had to be done by the first of next month. He had planned everything accordingly. He was away some place for a day or so, but when he came back he found out that the Ways and Means Committee was going to do this thing with reference to this \$20 exemption business.

What did he do? Did he hide out? No. He immediately demanded that he be allowed to appear before the committee. He came before the committee and answered every question asked him. He outlined his position and delineated the facts and figures to prove what he had in mind. I thought a whole lot more of him after I heard him testify. He handled himself very ably.

How does this legislation come before us? We would not have this legislation if it were not for the fact that there are a number of excise taxes that are going to expire in a short time and here is a list of most of them—special fuels, motor vehicles, gasoline, distilled spirits, perfumes, liquors and wines, beer, cigarettes, and other similar commodities.

Here was a big, magnificent tax structure that was going to fall down if we did not do something about it. The tax coming to the Treasury from these commodities amounts to \$1 billion per year. It was time for us to bring this important tax matter up so as to extend the law. The Democrats brought it up. It was their business to do so because they had the majority and had the responsibility.

Nobody, apparently, up to this time, had any thought about this other business of reducing the taxes on individual incomes by \$20. How about this \$20 deduction? It has been stated that this is altogether for the benefit of poor people. Whom do you consider to be a poor man? What is usually considered as a poor man is a man who does not pay any income tax. As you know a man who does not earn more than \$600 does not pay any income tax. If he is married his wife is entitled to a \$600 exemption so he does not pay any tax if he does not earn more than \$1,200 per year. Then if he has 3 children he is allowed \$600 for each of them. So then if he does not earn more than \$3,000 per year he pays no tax. And again if the man and his wife are past 65 years of age they are allowed an exemption of \$1,200 each.

So, my colleagues, do not vote for this bill if you think you can claim credit

from most of the people that are considered as poor people.

Now, what does this legislation do? If I were doing it I would take off a larger percentage of the small taxpayers and leave a larger percentage on the rich people. I would take a lot of these folks who make 3 or 4 thousand dollars and let them out. But you did not do that. You come on here and with great gesture say that you are doing something for the poor people. You would make those people believe you have done a wonderful thing for them. In my opinion, that somewhat lacks decency, for it is not truthful, it is not the fact, and it ought not to be circulated in that manner.

What did the Secretary of the Treasury say in addition to what I have told you? You know, I never thought that the position of Secretary of the Treasury was such a difficult job. I knew that it was a very responsible position. But Mr. George Humphrey showed us how he and his associates had studied the financial activities of the Government. They found that our Government owed many billions and that there was no definite plan for its payment or its reduction. He and his associates have set up a program that they think will carry us out of this financial forest. Already their efforts have had a remarkable effect on our national financial affairs. It was only natural that Mr. Humphrey was chagrined when he heard about this \$20 proposal.

Nobody had told him anything about this \$20 business. He quickly saw that it was going to upset his calculations. He saw that this matter could be a terrific setback to the financial program of the Government.

If you are a small-business man, you cannot let anybody fool with your cash register for if you do your day's work will come out wrong. But, the Secretary of the Treasury has a great big gigantic program of figuring out finances, and he is going along with it, and he has brought us good results, as everybody knows. The condition of the Treasury is in much better shape than it was a year and a half ago—there is no question about that—and there is every reason to believe that it is going to get better and more secure. Now, you throw this little thing in, and what does it do? It does not amount to much, but it is enough to throw everything out of its proper perspective, as it were, and I believe it is not right. It does not justify your intelligence and your ability, and furthermore it is not right for all the rest of us. It is not right for the taxpayers of the country; it is not right for the businessman who is planning to work himself out of inflation, and he knows now what he can depend upon.

And, over and around us are the clouds of war that are coming before us, and nobody knows what they are going to bring to us. If you throw this tax matter into the financial plans it is like throwing a money wrench into a delicate machine. You can stop it and maybe you can wreck it. It seems that is what you are trying to do; you are trying to stop the financial program that has been set up by the Treasury. And, the man

came up and defended it, and he defended himself against everybody.

Mr. Chairman, I am proud to add this little testimony of mine to help out, if it does, with the people, to have a right appraisal of our big American who knows how to finance this Republic. We should do what we started out to do when the Ways and Means Committee was called into session. We should abandon this dangerous new-fangled proposal to allow this \$20 deduction. This is misleading and deceptive.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. IKARD].

Mr. IKARD. Mr. Chairman, there has been a great deal said here during the last 2 days about politics and irresponsibility in loose and loud terms. As one of those who happened to believe in the principle of this bill last year and for a great length of time, I, at least, plead not guilty to any immediate switch in viewpoint or playing in politics.

In order to get this thing into its proper perspective I think it might be well if we examine what the facts are. Really, what has happened here? What is this bill? There has been a lot of talk about one part of it. What does it do? It does principally three things:

First, on April 1, 1956, it will reduce the corporate income tax 5 percentage points.

On April 1, 1956, secondly, it will reduce the excise taxes on automobiles, liquor, tobacco, and other items by some eight-hundred-million-odd dollars.

And thirdly, there is a proposal which has caused all the heat here, and that is that the taxpayers of this country will be guaranteed a \$20 tax credit. That is this bill.

Now, where do we stand? Are we deciding here today whether or not we will have tax reductions? Is that the question? Is the matter of reducing taxes in the face of a deficit the question that we here are debating? My friends, that was decided over a year ago. A year ago the administration decided we would reduce taxes in face of a deficit, and that now is the law. Certain tax laws have expired that brought about the reduction in taxes in excess of \$7 billion. If the reductions provided for in this bill go into effect next April 1, we will have reduced taxes over \$10 billion in 2½ years without one cent of it having gone to the individual taxpayer. That is the question here. It is whether or not, in this program of reduction that has been embarked upon there will be any assurance to the taxpayers that they will receive their proportionate part of the reduction.

A great deal has been said and probably will be said about whether or not we should reduce taxes in the face of a deficit; and many allusions have been made to good business practice and what a businessman would do under the circumstances. I do not profess to be an expert in the field of business, but I have had some little experience and I know this, that many times to expand a business, to make it grow, it is necessary to borrow capital, and to keep up with expansion it is necessary to expend funds.

The President has made a similar recommendation with regard to taxes.

I know that if our economy is to continue to grow, which it has not done in the last year, with our expanding population and increasing labor force, and if we are to provide employment and good business, we are going to have to find new funds to go into the market for consumer goods. Furthermore, we have the capacity in this country at this time to produce almost any amount of consumer goods that is required. This \$20 tax credit, most of it, will find its way back into the consumer market.

I have been told and I have heard some illustrious Members of this body argue that a dollar turns over about seven times a year and there is a tax cut taken every time it turns over. So this \$815 million that would be provided next year would provide, I believe, additional tax revenues.

I am one of those who believes that our tax burdens and our tax laws have reached the point of diminishing returns. Our tax burden in this country is something like 32 percent-plus of our national gross income. We are told that when it passes 25 percent we have reached the danger point. I think if we reduce that percentage toward 25 percent, we will probably collect as much as or more taxes and I, for one, will support this whole bill to reduce corporate taxes in 1956, to reduce excise taxes in 1956, and to reduce personal income taxes in 1956.

Mr. REED of New York. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Pennsylvania [Mr. SIMPSON].

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I cannot understand why the Democratic Party is so very, very eager to show its unsoundness with respect to the finances of the United States Government; so eager, in fact, that over a year in advance of the time anybody would get any alleged benefit under this bill, and regardless of the situation which will exist a year from now when the bill would become effective, and entirely without regard to the forty, fifty, sixty, or seventy billions of dollars which will be spent by the United States Government during that year, as yet unappropriated and, of course, uncollected at this time; in view of all those facts I cannot, for the life of me see why it is that the Democratic Party is so eager to approve irresponsible and unsound financial practices at this moment.

Evidently there is some belief that they will be able to guide the people into believing that they are getting a real tax concession effective over a year from today, and that it will make friends of people who benefit thereby.

I want the people of the country to know that if there is any more unemployment between now and some time next year, in the event this proposal by the Democrats to cut taxes becomes law, that factor will be one of the major contributing factors in the cause of that unemployment.

I will attempt to illustrate it and prove it in this manner.

The moment this irresponsible type of tax reduction becomes law not one businessman who, after all, is the man

who provides the jobs in the United States, will have any confidence whatever but that our financial record being made by Mr. Eisenhower and our party up to date is to be disregarded in the future, certainly to be disregarded so long as the Democratic Party controls the House and the Senate. By that I mean to say that the policy brought about to date through hard work of attempting to balance the budget will be out the window, as the saying goes. In the future any businessman who, I repeat, is the employer, will have every reason to believe that the financial policies in Washington are changed and that no longer are we to be guided by an effort to have a balanced budget and retain the stability of the dollar, but that on the contrary we are going back to the old practices of spend and spend and inflate and inflate the dollar, and thereby kid the American voters.

I have heard people who know better stand up here and say that a year ago we passed a tax bill which did not dollar-wise reduce taxes among all the people of our country evenly, as though it were possible to give a man a \$500 tax reduction when the total of his taxes might be less than \$100. That kind of argument means nothing. But I say to you that in the tax bill of last year we did those things which permitted us to keep on our tax rolls millions of taxpayers, a substantial number of whom would be eliminated in your proposed bill.

The easiest way to reduce taxes for anybody, to take people entirely off the tax rolls, is to put them out of a job. I tell you that this \$20 proposal you have will put people out of jobs by creating a condition of uncertainty in the great employing forces of our country, and instead of having work for the man who expects to save \$20 on taxes he may not have a job, as the result of this kind of loose financial policy.

Your corporation, a collection of individuals, gets its dollars somewhere, from selling goods, of course, and having got those dollars what does it do with them? It goes out and buys the materials upon which people work. It spends a large proportion of its money for that. It pays wages. A still greater proportion of its income goes for wages. It pays taxes. Fifty-two percent of all the money that corporation makes comes into the Federal Treasury. Then it pays dividends, rent, if you please, for the use of other people's money, to provide the—what is it?—\$10,000, \$12,000, \$14,000 that must be invested before any man can have a job.

What did that tax bill we passed last year do to make all of the people support it? What did it do? It made possible for the management of business to know that for a while in the future there would be some relationship between income and outgo in our country, that there would be a reasonably healthy atmosphere in which business might hope to expand, in which jobs would be provided, and in which, if the emergency spending for war and the preparation for war gradually tapered off, as the country became more economy- and more efficiency-minded, business might take up the slack.

And so H. R. 8300, 83d Congress, making no pretense of dividing the tax savings among the individuals of the country, but designed to take up the unemployment in our country, designed to provide jobs, became the law of our land. And it has worked. It has worked magnificently so that today, in a day when Government spending is dropping off, where business is taking its place, and private capital is going into the investment field instead of the money being taken from the people by way of taxes, I urge you all to support legislation which will keep our Federal financial stature strong, and to do nothing to lead business to become nervous, to depend upon Government for largesse and kindnesses, and on the contrary let business realize that our Government now and in the future is going to provide a healthy place for expansion and the providing of jobs right here in the United States. If we do that, then this Congress will have made the greatest contribution it can make for the continued financial stability of our country. In this day, as we face the future with uncertainty, we want to be sure, that should the worst come to pass and our country be called upon to face the enemies abroad, we have here at home a healthy economy, an economy capable of providing jobs in the area in which the help of the individuals will be needed in the carrying on of war. We can do that only if we enact sound legislation here which in the final analysis will provide a healthy climate for the expansion of business.

Mr. Chairman, I yield back the balance of my time.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. McCARTHY].

Mr. McCARTHY. Mr. Chairman, the Republican spokesmen in opposition to the proposal to reduce personal income taxes by \$20 per person have made a great point of irresponsibility of action on the part of Democrats and of the unsound economic character of this proposal. I think it is interesting to look back at the economic situation in January 1953, when the gentleman from New York [Mr. REED] reported from his committee a bill to advance by 6 months the date of the 10 percent income tax cut scheduled for January 1954. In the fourth quarter of 1952, the gross national product was running at \$362 billion. This was an increase of between \$3 and \$4 billion over the previous quarter. In 1953, gross national product reached \$364.9 billion. If I understood the gentleman from New York here a few minutes ago, he said that he proposed this advance because the country was on the verge of a depression, at the beginning of 1953, and he wanted to head that off—to anticipate it. Unemployment in 1952 averaged 1,524,000 men. At the present time it is averaging 3,230,000 men. Unemployment is twice what it was in 1953 when the gentleman from New York wanted to head off a depression by advancing the date at which the income-tax reduction would go into effect. The cost of living index then was 113.5 and it was moving upward. Yet, the gentleman states that he was afraid a depression was coming upon us; consequently

he proposed to reduce income taxes 6 months earlier than they were scheduled to be reduced. The budget deficit in 1952, that is the fiscal year 1952, was \$4 billion. In 1953, the year during which he proposed that reduction, it reached \$9.5 billion. It is estimated that the deficit for 1956 will be \$2.5 billion. Now when the Democrats, under conditions which indicate much more justification for a tax cut of this kind, make a proposal to cut personal income taxes, they are charged with being irresponsible and with having no regard for the economic facts of life. Yet, the gentleman from New York proposed a reduction of twice as much under conditions in which there was much less justification.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. McCARTHY. I yield to the gentleman from Maryland.

Mr. HYDE. The gentleman referred to the proposed tax reduction of 1953, a 10 percent reduction. Was that ever seriously proposed by the Republican Party?

Mr. McCARTHY. It was reported by the Ways and Means Committee which was controlled by the Republicans. That is sufficient for me. It was supported by the leaders in the Republican Party in the House of Representatives.

Mr. PRICE. Mr. Chairman, will the gentleman yield?

Mr. McCARTHY. I yield.

Mr. PRICE. In answer to the gentleman from Minnesota that perhaps it was not proposed by the Republican Party, as I remember it neither were the reductions in excise taxes, although the Republican Party, after those things were forced upon them, later took credit for it.

Mr. McCARTHY. Of course. There is more justification for what we are doing today, because this is part of the Democratic program.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. COOPER. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. McCARTHY. The criteria for evaluating taxes and tax systems have not changed very much since Adam Smith wrote about them in the middle of the 18th century. There are four recognized standards: First, the standard of justice, including equity of imposition and equality of tax treatment; second, the economic effects; third, the ease of administration and compliance; and fourth, consideration of revenue. It is my intention to examine the legislation which is before us in the light of these standards, particularly the \$20 tax credit proposal and to make certain comparisons with the tax revision bill of 1954.

It is well known that the Tax Revision Act of 1954 gave little or no relief to low-income citizens. Its concessions were principally to business and industry and to people in the high-income brackets. It was argued, of course, that personal income tax had been reduced by the income tax reduction which went into effect in January of 1954. This, of course, was true. It was argued further that the tax changes proposed in the 1954 act were necessary for business, that they would have a stimulating effect

upon the economy, that eventually everyone would be better off.

Let us consider first the justice of the proposed \$20 income tax credit. In the Federal tax system the income tax, individual and corporate, has become an accepted vehicle for the levy of a tax based upon ability to pay. Obviously ability to pay income tax is reduced in low-income tax brackets. One of the arguments frequently used, if not most frequently used, by the opponents of part 4 of this bill is that this provision would have the effect of eliminating approximately 5 million taxpayers from paying any taxes. Some will go further and propose that by being removed from income-tax liability somehow these American citizens lose their sense of responsibility and become second-class citizens. As a matter of fact, they will not escape the payment of taxes. Their tax load other than the Federal individual income tax will continue to bear heavily upon these citizens, who now pay taxes every time they buy a gallon of gasoline, whenever they pay rent or make payments on their home mortgages, almost every time they buy food or engage in any kind of economic activity. Studies show that the lower income groups bear an extraordinarily heavy share of the tax burden over and above their income-tax load. This tax burden consists of excise taxes, shifted corporation taxes, and taxes paid to other units of Government in the United States. One authoritative study reported in the National Tax Journal shows that the income group having an income of less than \$1,000 per year pays 23.6 percent of its income in taxes. The proposal contained in part 4 of this bill will give direct and needed relief to people in the low-income groups.

It is particularly important and equitable that the Federal tax load be reduced at this time since the present administration is pursuing a policy which will shift government and other responsibilities to State and local governments, and thereby make necessary higher taxes at these levels. It is well known that taxes at the State and local levels of government are not graduated in the manner in which Federal taxes are graduated and that the burden falls much more heavily upon low-income groups. There is no reason to believe that those citizens who are freed from paying Federal income tax through this amendment will be freed from the payment of all taxes, or become unaware of their tax liabilities. I am satisfied that they will remain good citizens of communities, of States, and of the Nation.

The second important consideration with regard to taxes is their economic effect. It is generally agreed that the productive capacity of our economy is high; that it possesses the potential of producing ample goods sufficient to meet any reasonably anticipated demand. On the other hand, there has been a lag in demand. This \$20 tax saving will increase the purchasing power of every taxpayer and the majority of them will use the money either to buy goods, or to make payments on goods already purchased.

The opponents of the bill have argued that the \$20 credit will be inflationary.

The President has lent his own support to this view. I assume that Republicans who last week argued that the President's authority should not be given weight on the trade question because he knew little or nothing about tariffs, will argue today that his authority should be given great weight on an even more complicated economic question of taxation. Inflation occurs when the increase in purchasing power is not matched by an increase in available goods and services. There was an inflationary situation existing in 1948 when the 80th Congress passed a tax bill over the President's veto. Under the present bill this tax saving for each taxpayer will be distributed through the year at the rate of about 37 cents a week. This is certainly a gradual increase in purchasing power and should allow for an orderly adjustment on the production side. The result should not be inflation but rather an increase in the gross national product and an increase in employment and business activity.

Supporters of H. R. 8300 in the last Congress argued that the adoption of that tax program would result in the broadening of investment, in increases in production, and in decline of unemployment, and so on. Actually not one of these has been accomplished. It can, of course, be argued that conditions would be worse if the tax bill had not been adopted but this point cannot be proved. Let us look at some of the facts. It was stated that the use of bonds to raise money was dangerous and that through the passage of H. R. 8300 encouragement would be given to the purchase of stocks. Figures from the Securities Exchange Commission show that the ratio of new issues of bonds to stocks has not been materially altered. The so-called little investor for whom the Republicans were so concerned last year has not been moved to purchase shares of stock. There is some reason to believe that the high price of stocks has served as a barrier to the purchase of stock by the small investor. I pointed out last year when the tax-revision bill was being debated that the favored status for dividend income would raise the price of stock to those who then held stock and that it was in effect a windfall gain for those stockholders. High administration and Treasury officials have admitted that in their judgment there is a speculative factor at work in the stock market today. This cannot be explained in terms of anticipated inflation. It cannot be explained in terms of anticipated higher corporate profits since corporate profits from operations declined last year. It can be explained, in my judgment, only in terms of the effect of the tax program of last year and possibly of anticipated tax changes of a similar nature in the future. The weight of economic argument is in favor of the \$20 income-tax credit.

The third criterion for a good tax has to do with the ease of administration and compliance. Proposed before us is a model of simplicity. Taxpayers will have no difficulty with it. It will involve no additional administrative attention. Consider this element of simplicity in contrast with the complexity and con-

fusion which has arisen in connection with the administration of H. R. 8300. Complaints have come in from every section of the Nation regarding the complexity of its form. Taxpayers are not able to determine their tax liability with certainty or confidence.

The fourth criterion of taxes is that of revenue. The revenue loss for the fiscal year 1956 resulting from the adoption of this amendment will be \$815 million, according to the best available estimates. Some of this should be made up through increased business activity and consequently increased tax collections from other taxes. This tax reduction will not go into effect until January 1956. The action here proposed gives substance to the promise or expressed hope of administration leaders. The postponement of the effective date until January 1956 gives the administration time to consider the possible effects of this reduction and to propose other legislation as a means of replacing this lost revenue if the administration remains convinced that undesirable economic and fiscal consequences will follow the adoption of this proposal. In face of a budget deficit of approximately \$4½ billion last year, the administration supported a bill which diminished revenue by at least \$1.5 billion. Loss of revenue is likely to increase in the years to come as a result of the use of depreciation allowances, the full effect of the dividend credit, and the cumulative effect of other changes made in the law. Today, with an anticipated deficit of \$2.5 billion, the administration opposes as unsound a reduction of \$815 million.

The passage of this bill with the \$20 income-tax credit serves notice of the determination of Congress to give tax relief to the individual income-tax payer. This should not embarrass the administration since in effect it has promised such relief. Moreover, it gives the administration time to propose and recommend a better tax program or tax changes to replace the income which will be lost as a result of the passage of this bill.

Arguments of opponents that the passage of this act now is dangerous since we do not know what world conditions are likely to be are without substance since the Congress, particularly the Democratic Members, have repeatedly demonstrated their willingness to cooperate with the executive branch of the Government in meeting emergencies of every kind.

Mr. COOPER. Mr. Chairman, I ask unanimous consent that the gentleman from Pennsylvania [Mr. EBERHARTER] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. EBERHARTER. Mr. Chairman, various administration spokesmen have used pretty drastic language in opposing the Democratic move to reduce the income-tax burden of the American people by a small amount. They have called it a maneuver completely contrary to the public interest. They have alleged, "this

move is playing fast and loose with the welfare of 160 million Americans."

Last fall Mr. Humphrey and his administration took a different view of lower taxes. "At last we have a tax cut," the President himself told a nationwide TV audience on October 8, 1954. "It brings benefits to every family in every American home," he claimed.

That, of course, was election time and the President was anxious to get a Republican Congress elected. Today the administration considers it "playing politics" to speak of tax cuts.

Tonight and every night until April 15, the lights will be burning late in a great many American homes as people struggle with their income-tax returns. I use the word "struggle" advisedly because these new Republican tax forms are so bewildering and complex, I am surprised they did not tangle up the Government's printing presses. At any rate, a great many American families are discovering right now just who is playing fast and loose with their welfare.

They are discovering, as Democrats told them all along, that the new Republican tax bill of 1954 does not save most of them a penny. It provides little or no benefits for people in the low and middle income groups, people who need a little more money to buy more food, more consumer goods, more services. The lion share of the tax benefits from the Republican tax bill went to the big corporations and those who receive all or part of their income from corporation stock dividends. They constitute just about 8 percent of our population.

"Oh, but don't be disappointed," the administration says to these people. "Our tax benefits for the wealthy and for the corporations will trickle down to you eventually. Our depreciation allowance, for instance, will stimulate new investments. New investments will mean more jobs and greater prosperity."

Mr. Chairman, there have been many excellent speeches presented here today which have properly pointed out the preferential tax treatment given to high income taxpayers under the Republican tax program of the 83d Congress. I will not attempt to repeat the many facts that clearly point out the tax discriminations that the Republican Party made a permanent part of our Federal tax laws. I would, however, like to express my complete endorsement of the remarks made by my Democratic colleagues who have preceded me.

Also, Mr. Chairman, rather than repeating what has already been said in explaining the bill, H. R. 4259, I will merely commend my beloved chairman and friend, the Honorable JERE COOPER, of Tennessee, for his very clear explanation of the provisions of this bill.

I would now like to direct the attention of the Members of this Chamber to a particular aspect of the Republican tax program which I think is typical of the manner in which the Republican Party has given tax preferences to a fortunate few without achieving the successful operation of the Republican trickle-down theory of tax relief. The particular aspect to which I refer is the so-called liberalized depreciation allowances on capital goods and equipment.

Well, let us look at these new depreciation allowances which were written into the Republican tax revision bill last year. Just what has this device stimulated? How many new jobs have been created by it?

Under the old system, as you know, a business firm deducts the cost of plant and equipment for tax purposes evenly over its estimated life. If a new machine has an estimated life, say, of 20 years, its costs is written off as a cost item over 20 years at the rate of 5 percent each year.

Under the new Republican depreciation allowance a business firm is permitted to deduct each year twice the percentage allowed under the old regulations. The double percentage is applied each year, not to the original cost, but rather to the unamortized balance. This has the effect of permitting about two-thirds of the cost of a business investment in a new machine or a new plant to be written off in half its estimated life.

This scheme is supposed to induce business to invest more money in new plant and equipment. Actually, however, this medicine was concocted for an ill which did not exist, at least when the Democrats were at the helm. Business expenditures for new plant and equipment rose steadily up to 1953. Investments of this type were \$5½ billion in 1939. They were at an annual average of \$19.2 billion in 1946 to 1949. In the following 2-year period they rose to an average \$25.1 billion a year. Just before the Republican doctors, or should I say medicine men, forced this miracle pill down our throat, in the third quarter of 1953, total business outlays for new plant and equipment reached \$28.92 billion annually.

Since then it has been declining slowly but steadily. It is still going down.

We Democrats said right from the beginning that the fast writeoff provisions of the Republican tax bill would not and could not cure this evil. We said that Dr. Humphrey's pill would not stop the decline in new investments. It did not.

The curve on the chart is still going down. Business outlays for new plant and equipment stood at \$27 billion in the third quarter of 1954, at the time the provision went into effect. The fourth quarter of 1954 it was down to \$26.59 billion, according to Government estimates. And in the first quarter of this year it is expected to sink still lower, to an estimated \$26.03 billion.

When and how are we going to stop this alarming decline in investments? When and how are we going to face up to our responsibility to make possible full employment and an adequate standard of living for all Americans?

The Republican tax policy surely will not do it.

Instead of stimulating more investment and greater expenditures for new machines and more plants, as its sponsors claimed it would, the fast writeoff provision actually scares investors away. That is what many corporation managers themselves claim it does.

I was much interested in an article in the New York Times of Sunday, February 13, 1955, on this subject. According to this article, Willard F. Stanley, president of Corporate Services, Inc., says that the changes in the rules for depreciating new property will cost the Federal Government about \$1 billion in taxes this year. And because few corporate managers will use one set of figures for the collectors and another for their shareholders. Mr. Stanley says, the same changes are likely to cut apparent corporate net profits by \$450 million.

In fact, the president of Corporate Services, Inc., urges corporations to keep two sets of books. Otherwise, he fears, the investing public may not understand what is happening and that would have an unfortunate effect on the market for securities.

Mr. Stanley says that 80 percent of those planning to use the rapid writeoffs intended to book the rapid rate. They will thus deduct large chunks of money from profit, but to be held as cash. This, he thinks, is quite unnecessary and means not only letting the tail wag the dog but using a tail never intended for that particular dog. Keep a different set of books for your stockholders, he says, to show them profits. He does not say reinvest.

But double books or no, a majority of businesses are not using the new fast writeoff provisions at all. The New York Times of February 17, 1955, reported that only 45 percent of companies recently surveyed are using the new provision. Two-thirds of them hasten to add that it is not affecting their plans for capital spending.

The survey was conducted by the National Industrial Conference Board, a nonprofit research organization. It found that 35 percent of companies have definitely decided against using the new plan. Twenty percent are still undecided. They are still studying the new rules, presumably still looking for the great stimulus it is to give to new investments for making more products—products which people cannot afford to buy because they lack purchasing power.

The plain fact is that this fast tax writeoff provides no incentive to new investments and economic expansion.

We have noted that this new Republican policy has not stopped the decline of our economy. We have noted that it tends to alarm investors and results in double bookkeeping. And now this new survey of the National Industrial Conference Board tells us that a majority of corporations does not even want it.

These firms, according to the New York Times, are apprehensive over the Internal Revenue Service's interpretation of the new law. They would like a stable rate of writeoff. They prefer not to gamble on tax rates which, of course, may go up again in an emergency. They are perfectly satisfied with the old straight-line method.

Most of all, however, the business world is beginning to realize that the way to encourage and stimulate new investment is not by new gimmicks in the tax law but by the proven law of supply

and demand. There must be a demand for products and money to buy them.

Here is what George Shea writes in the Wall Street Journal of February 21, 1955:

The answers that say depreciation methods won't affect spending plans go on to explain that these plans depend, as before, on three factors: demand for products, advantages of technological improvements, and the availability of cash.

The key words in this sentence are, of course, "demand for products." No such demand can be created by the administration's tax policy of 1954. In fact, let us face it, this whole theory of giving the breaks to the big fellow and then letting the benefits trickle down to the little fellow has been a failure. Our entire economy is afflicted by creeping stagnation. The Republican cure did not work.

The only way to create the needed demand is to put more money into the hands of the little fellow who will buy more products. The only stimulus to needed expansion at this time can come from rising consumer purchasing power and sales. This is not playing politics but sound economic thinking, confirmed and reconfirmed by experience.

Our national economy requires a strengthened mass consumption base. That is why I shall vote to cut the taxes of every American by \$20. Our people need this added cash in their pockets, not to keep double books but to buy the goods and services to keep our factories rolling and to make certain our men and women are at work.

Mr. REED of New York. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Chairman, I am sorry the gentleman from Minnesota did not yield on the point he was making in regard to the purpose of the stock dividend credit. Its purpose was to switch corporate financing. I know, because I personally am very much interested in the provision and have watched it with a great deal of interest. The point is that it did not go into effect from the practical standpoint until after July 1954, so we have little basis on which to observe whether or not what we were hoping to accomplish has been accomplished.

Mr. McCARTHY. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield.

Mr. McCARTHY. The only basis we have for judgment is what is reported in the Securities and Exchange index; there has been no change.

Mr. CURTIS of Missouri. But the point is, as I have been saying to the gentleman, that the tax has not been in effect long enough to have had any economic impact at all. I might say that there is one specific thing which is a very significant thing. General Motors in their refinancing went to a new stock issue instead of a bond issue just recently; and one of the main factors in their going away from bond financing to equity financing was this very provision in that bill. Whether or not that one isolated case is going to be indicative of what does happen within these next few

months as far as corporate financing is concerned is the important thing; and I personally am most interested to see whether or not that is accomplished; because, as I said on the floor of the House during the debate on H. R. 8300, if our theorizing of its economic effect does not materialize, I would be in favor of going back on that particular thing. My objection at the time was the fact that folks who did not know what the purpose was should argue there were other reasons behind it. I thank the gentleman for pointing out the real reasons, although I do say that we have certainly not had enough opportunity of observing the effect of that law to see whether or not we have achieved anything at all.

Mr. McCARTHY. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield.

Mr. McCARTHY. I think the gentleman has made a fair statement about the need to reserve judgment. My point is that up to this time there is no basis for economic certainty that this provision has had any great stimulating effect upon industry or for saying that it has accomplished the purpose that those who supported it had in mind.

Mr. CURTIS of Missouri. One significant occurrence is the action of General Motors, which I pointed out. Whether or not there will be other such issues I do not know.

Mr. ALLEN of Illinois. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Illinois.

Mr. ALLEN of Illinois. We have had just about enough talk about the 1954 tax reduction bill. It will be recalled that that bill provided an income-tax reduction of \$3 billion of which 62 percent went to people who earned less than \$6,000 a year.

Mr. CURTIS of Missouri. Yes. The gentleman is referring to the 10-percent tax cut that everyone got in this country beginning January 1, 1954.

Mr. ALLEN of Illinois. Under that same bill the excise taxes were reduced \$1 billion. We all know those excise taxes were on luggage, travel, toilet articles, hunting equipment, and sporting goods. How can anyone say that that reduction of a billion dollars in excise taxes, when it went for those things—travel, luggage, toilet articles, and so forth—was in a wealthy man's bill? I think it also reached out to people of low income.

Mr. CURTIS of Missouri. I agree with the gentleman exactly and will go even further than that. Communications and transportation taxes are taxes on business and those taxes are passed on to the consumer of any product, be it a loaf of bread or a bottle of milk. They are the most vicious form of excise taxes because they in effect are a national sales tax.

Mr. ALLEN of Illinois. The gentleman will agree with me that when we passed last year the excise tax bill, giving a reduction in excises along those lines, it affected the wealthy and the poor as well?

Mr. CURTIS of Missouri. It not only affected them but it affected a lot more

people, people that my Democratic friends are overlooking entirely in this bill. That is the little fellow who does not make enough money to pay taxes. I refer to people on pensions and on social security. They pay these hidden taxes on their loaf of bread and their bottle of milk just as much as the other man does.

Mr. ALLEN of Illinois. Another feature of that bill was the reduction of \$2 billion in excess-profits taxes.

Mr. CURTIS of Missouri. That is correct.

Mr. ALLEN of Illinois. According to the best information I have, in connection with that reduction of \$2 billion in excess-profits taxes, 61 percent of that money was used by the employers to build new factories, to put in equipment, and so forth in order to give work to hundreds of thousands of men. Does the gentleman remember at that particular time there were many gloomy people who were saying there was going to be a recession or a depression and spoke along those lines? So I repeat, the best information I have is that 61 percent of that went to the building of factories to give work to people which in turn brought more taxes back than the amount involved in the excess-profits tax structure.

Mr. CURTIS of Missouri. I thank the gentleman. He is making a very fair observation. The hearings held by the Small Business Committee under the control of the Democratic Party incidentally and the hearings held by the Committee on Ways and Means, indicate that the businesses that were being hit the hardest were the small and growing businesses, those that wanted to expand and build the plants the gentleman refers to. The name "excess profits" was not descriptive of that tax at all. It was really a tax on the "growth" and new companies in this country. I honor those on the Democratic side of the aisle who recognized that and voted with us. We agreed on that and we eliminated that tax entirely.

Mr. ALLEN of Illinois. Another item was the \$1.4 billion involved in the tax revision bill.

Mr. CURTIS of Missouri. Yes.

Mr. ALLEN of Illinois. Those speaking with authority, agree that the \$1.4 billion tax-revision bill was spread out in some form or other to practically every individual in the United States regardless of his income. Will the gentleman agree with that?

Mr. CURTIS of Missouri. I agree with the gentleman. The tax-revision bill was not a tax-reduction bill at all, as was pointed out in committee and on the floor of the House, and has never been contradicted on the floor of the House or in committee. It was a tax-revision bill, it was a bill to correct a lot of inequities that we knew existed. We did give some tax relief, but that was incidental in correcting some inequities.

Let us take, for example, the additional reduction we gave a working mother which has been referred to here. That was not because we singled out working mothers for benefit. It was based upon the argument that the busi-

nessman could deduct from his gross income a business expense: Why should a mother not do likewise, who had to pay a baby sitter to look after her 3- or 4-year old child while she worked, deduct the expenses of a baby sitter? We felt that that was a fair argument and it was an inequity that existed in the interpretation of the law. The purpose was to correct the inequity.

Let me illustrate again. Why did we give an additional \$1,200, or about \$1,000, credit to the people on retirement pensions like teachers who were not on social-security retirement? To give that to them? No. It was because of this argument. It was pointed out that we gave people who had social-security retirement complete exemption from taxation for their social-security benefits, and the argument of the teachers and others was "Here we have paid for our own retirement plan. Why should those who get it through social security get special tax treatment over and above the treatment we are getting?" And the committee felt that that was an inequity, and that is why we corrected it.

The proof of the pudding is in the eating, and all this is going over the debate we had last year. As I say, the proof of the pudding is in the eating. If this were a tax-revision bill, surely there should be some tax loopholes closed which would get more taxes, and that is exactly what the case was. I think we counted over 50 specific provisions in that tax-revision bill where we closed loopholes and gained revenue.

Mr. McCARTHY. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield.

Mr. McCARTHY. Does the gentleman not agree that the Republicans will be in approximately the same position in January of 1956 that they were in January 1954 when the 10-percent income-tax provision went into effect? Now, as you know, that provision was included in the law under a Democratic-controlled Congress. There was a deficit of about \$9 billion.

Mr. CURTIS of Missouri. What is the question?

Mr. McCARTHY. I will get to the question.

Mr. CURTIS of Missouri. I want to correct the gentleman's statement first.

Mr. McCARTHY. All right. Correct it.

Mr. CURTIS of Missouri. In committee it was the Republicans who put in the expiration date of that particular bill.

Mr. McCARTHY. In any case, it came out under a Democratic Congress.

Mr. CURTIS of Missouri. Yes, a Democratic Congress passed it.

Mr. McCARTHY. And you had a Republican Congress in control previous to January 1954.

Mr. CURTIS of Missouri. That is correct.

Mr. McCARTHY. Anticipating a 10-percent cut in the income taxes.

Mr. CURTIS of Missouri. Correct.

Mr. McCARTHY. And you had a budget deficit at the end of fiscal 1953 of about \$9 billion, so there was ample time for the Republicans to say "This is unsound; we are going to head this

off, and this 10-percent cut will not go into effect because we want a sound fiscal policy."

Mr. CURTIS of Missouri. That is true.

Mr. McCARTHY. The Republicans did not do that. On the contrary, they claimed that it was a Republican reduction, and the President just yesterday included that \$3 or \$4 billion in saying the Republicans had reduced taxes by \$7 billion under his administration.

Mr. CURTIS of Missouri. Now, I will be happy to explain what the facts are. In the first place, the Korean war was in the past, and we had the problem, which so many people failed to recognize, of trying to revert from a wartime economy to a peacetime economy, and that required different economic treatment. And, if you will note, the Eisenhower administration plans at all times were based on this. But, above all, by cutting \$14 billion out of the Truman budget, we were able to allow that tax reduction to go in, and I will say to you gentlemen here and now if in these ensuing months you will join with us in trying to cut these appropriations and get this budget in hand, why, of course, we can give tax relief. But, except from the standpoint of one segment of your group over there, you have always been going through the aisle on a teller vote to put money back into the budget, and every time we try to get a reasonable cut in appropriations you are the ones that prevent us from doing it. There is only one way to balance the budget, and that is to grapple with these appropriation problems, in my estimation.

Now I want to say why I took the floor in the very beginning. It was mainly to give an opportunity to anyone on the Democratic side who wanted to take exception, to speak up to anything I said in my supplemental views in this report on this particular bill. In the concluding paragraph I say:

The procedures adopted by the majority members of the Ways and Means Committee make a mockery of orderly legislative process. They bring the Ways and Means Committee and the Congress itself into disrepute.

Now, I can see why the distinguished chairman of this committee, the gentleman from Tennessee [Mr. COOPER], did not want to explain to this House why the committee had followed the procedures that they had followed and, in fact, said that my remarks in asking him to explain were not contributing anything to this debate.

I will say to the ladies and gentlemen of the House that every word uttered on the Democratic side of the aisle in behalf of this legislation is so much ashes until you can explain away why you have proceeded in this fashion; not permitting the Committee on Ways and Means even to consider this matter. All of these facts and figures that you are quoting are only your own ideas, nothing that the Committee on Ways and Means has ever had an opportunity to look into to check their accuracy.

I can understand why the gentleman from Massachusetts [Mr. McCORMACK]

when I asked him to yield to me and to tell me where he got his figures which applied to H. R. 8300, the tax-revision bill, was reluctant to tell me where they came from. Perhaps at this time he will tell me who computed those figures on the effect of H. R. 8300.

Mr. McCORMACK. Why, certainly. My understanding is that Secretary Humphrey has admitted that it would cost \$1.9 billion.

Mr. CURTIS of Missouri. No. I am talking about the tax-revision bill of last year. When the gentleman was trying to point out that people with incomes under \$5,000 per year were not getting very much benefit, that it was a rich man's tax bill, that is when I asked the gentleman to yield and to explain where he had gotten the figures. Did the gentleman compute those himself?

Mr. McCORMACK. I am going to put them in the RECORD.

Mr. CURTIS of Missouri. The point is who compiled them? I think I can answer the question myself.

Mr. McCORMACK. I have a table here showing revenue effects, estimated revenue loss in the fiscal year 1955 and the number of taxpayers affected by the changes made by the Internal Revenue Code of 1954. That will be made a part of the record, and it will show that under the Internal Revenue Code of 1954—that is the Republican bill—

Mr. CURTIS of Missouri. Yes, that is the Republican bill, and I am proud of it.

Mr. McCORMACK. The gentleman may well be. Only 23 percent of the immediate tax relief and only 9 percent of the long-run tax relief contained in the law went to taxpayers with incomes under \$5,000.

Mr. CURTIS of Missouri. What are the details behind that? The gentleman is begging the question up to this point.

Mr. McCORMACK. Oh, no.

Mr. CURTIS. Yes, the gentleman is.

Mr. McCORMACK. No. The gentleman is caught and says that I am evading the question.

Mr. CURTIS of Missouri. I am giving the gentleman plenty of time to explain.

Mr. McCORMACK. The income group with incomes of over \$5,000 received 38 percent of the immediate relief and 18 percent of the long-run relief. It is estimated that corporations received 39 percent of the immediate relief and 73 percent of the long-run relief.

Mr. CURTIS of Missouri. Those figures are inaccurate, and I am asking the gentleman where they came from and who compiled such figures. I think I can tell the gentleman, and I shall tell him. This morning I came from an executive session of the Joint Committee on the Economic Report. Under our procedures I may not discuss what goes on in an executive session, other than to say this: I have seen those conclusions from the alleged statistics. They are from the PAC of the CIO. I have had the pleasure—and it was a pleasure, because I respect those gentlemen of the CIO—of sitting with them for over 2 or 3 hours and going over some of those estimates with them last year. And, believe me, I can say this, that at the end

of it they said, "Well, we cannot discuss it further. We had better get our tax experts and economists to come in and give you our information," and these tax experts and economists have not appeared to this day, because, gentlemen, they cannot back these figures up. Those are just a lot of figures that mean nothing. That is why I asked the gentleman where he got them. He was just begging the question.

I know you have been saying this has been a rich man's bill, but on the floor of the House no one has dared to try to establish that in honest debate, and no one ever dare to try to establish it in honest debate in the Committee on Ways and Means.

Mr. McCORMACK. Can the gentleman state what the tax reduction will be in the 1954 tax bill?

Mr. CURTIS of Missouri. Does the gentleman mean H. R. 8300?

Mr. McCORMACK. Yes.

Mr. CURTIS of Missouri. The actual estimate of tax losses over the long range, about which I am mainly concerned, with the exception of things like baby sitters and people not on social security—I have never actually computed all these things—those were losses, but the essential features of the bill that you all have been saying were losses, like depreciation allowance, as a typical example, like stock dividend credit, in my judgment, and the arguments we advanced in the Committee on Ways and Means, were that those were not overall revenue losses although there were estimates of the immediate loss for the next year or two until the losses began bringing back in what your originally anticipated loss might be.

I can illustrate it, for example, on your stock dividends. A corporation, say, borrows a billion dollars in bonds or bank borrowings. It deducts the interest it pays on that billion from its gross income, so that is not subject to the 52-percent tax. If we could get the corporations to finance through equity investment, that is, stocks, then that equivalent amount earned on the investment capital would be subject to 52 percent tax. Take in the case of General Motors, if they will issue, as they apparently are going to, a stock issue instead of a bond issue, we are going to pick up 52-percent tax on the earnings from that capital investment.

As I said in the Committee on Ways and Means when we were discussing this thing, I can understand honest disagreement as to whether that economic theory would work. I thought it would. But certainly the whole measure was passed on that basis, not on the basis that we were giving any tax relief to stockholders or any group of that nature more than in the depreciation allowance that we were giving any benefit to companies, because over the lifetime of the equipment you do not get one cent more from depreciating early than you do from depreciating later. As a matter of fact, we think the Government will gain more taxes.

Many of your Democratic members on the Committee on Ways and Means agree with that philosophy on stock dividends and certainly on depreciation, that there

is no over-all tax loss; that, if anything, there is a tax gain.

That is why it is so important to get into the details of these things and know where your figures came from. That is what the Committee on Ways and Means should have been doing, in studying whether or not this particular Mills amendment was justified. We did not go into one iota of anything, with no public hearings. I was shut off there, I might state, in just about the same fashion the chairman responded to my inquiry here on the floor as to why he would not explain to this membership why the great Committee on Ways and Means had not had hearings, had not even had a discussion of this measure, instead of coming in at night, on Saturday evening with this brand new proposal. I was called in my office. I happened to be working on Sunday. A newspaper reporter asked me what I thought of this tax-reduction bill. I said, "What tax-reduction bill?" That is where I learned about it.

I came here to the Committee on Ways and Means at 10 o'clock on Monday morning. The written notice that we had did not say we were taking up the Mills amendment. I asked in the Committee on Ways and Means that the chairman rule that the Mills amendment was not germane to this bill, and that the procedures were not correctly followed in notifying the members. The chairman full well knew that I was within my rights as a member of that committee in asking that ruling be favorable. His response was, "We have never followed technical procedure in the Ways and Means Committee." That was the reason given for overruling my motion.

I want to say this: It is this kind of procedure, and I would say it whether it is Republican or Democratic, that will destroy the independent legislative branch of this Government.

I would like, and I would hope, that the Speaker, the gentleman from Texas, the Honorable SAM RAYBURN, will take the floor, as he did on the other measure last week when he asked us to follow correct procedure on this floor. I hope he will explain to this body why he thinks this procedure is proper, and why he thinks this procedure is conducive to good legislation because, in my judgment, this irregular procedure is what will wreck this country and this is what can very easily wreck this country.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield.

Mr. McDONOUGH. I appreciate the lucid explanation of the gentleman and his familiarity with the bill. Does the gentleman have any information that he can give to the Committee for our information as to the benefit that the average taxpayer will receive, and in what manner and at what date it will be received if this bill passes?

Mr. CURTIS of Missouri. The taxpayers will receive a \$20-cut beginning January 1, 1956. However, I might say that that is a questionable benefit because I predict, as I say in my minority views, that we are going to have 1 cent go out of the purchasing power of the

dollar and every \$5,000 income is going to be reduced \$50 in order to get this \$20. The Federal debt for every man, woman, and child, by increasing the debt \$2.3 billion in order to get this \$20 is increased \$15 per capita.

Mr. McDONOUGH. But in your minority views, you indicate the \$20 allowance will increase the national debt to the extend of \$15 per individual. Is that not so?

Mr. CURTIS of Missouri. That is correct.

Mr. McDONOUGH. Then, in addition to that, the taxpayer will receive the benefit of this in his payroll deduction whereby he pays his income tax?

Mr. CURTIS of Missouri. That is correct.

Mr. McDONOUGH. That is in the latter part of the fiscal year 1956, as I understand it?

Mr. CURTIS of Missouri. No, many people will be given it at the beginning of 1956 because it is a payroll deduction beginning on January 1, 1956, the calendar year. That is correct.

Mr. McDONOUGH. And if he is only eligible for the full \$20, that is, if he has no dependents, the amount per month will be very small beginning the 1st of January until the \$20 allowance is granted?

Mr. CURTIS of Missouri. It would be a small amount. It could be computed by dividing 12 into \$20. Well, that is not entirely fair—no—because not only does the individual taxpayer get \$20, but there is a \$20 allowance for the wife and children. We want to be fair about this thing.

Mr. McDONOUGH. But if he only was eligible for a \$20 deduction.

Mr. CURTIS of Missouri. Yes, that is true.

Mr. McDONOUGH. The offer that is made in this bill as compared to the proposal made a year ago by the Democratic side of the House was a \$100 exemption, which they computed in this year evidently as equal in tax credit.

Mr. CURTIS of Missouri. That is correct, yes.

Mr. McDONOUGH. So that this year, they are now offering the public \$20, and last year they were offering a \$100 exemption.

Mr. CURTIS of Missouri. Yes, I think one reason for the change was the argument that the rich man who pays 87 percent would get \$87 for every \$100 credit, while the person with a lower income only gets \$20.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield.

Mr. MILLS. In answer to the gentleman from California, I think it should be pointed out that the \$20 per dependent credit is equivalent at least in the first or minimum bracket to a \$100 increase in the exemption allowed; is that not correct?

Mr. CURTIS of Missouri. Yes, I believe that is correct.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield.

Mr. HALLECK. First of all, I want to commend the gentleman for his very constructive, informative, and straight-

forward and fair presentation, which demonstrates his great knowledge of this entire subject. Apropos of the last question which was asked, of course, the \$20 tax credit is the equivalent of the increase in the exemption of \$100 only in the lowest bracket; is that not correct?

Mr. CURTIS of Missouri. Yes.

Mr. HALLECK. But as to anybody making more than \$2,000 a year, it amounts to a discrimination as against the \$100 exemption; is that not correct?

Mr. CURTIS of Missouri. That is right.

Mr. HALLECK. As to why the position of our friends on the other side of the aisle last year has been reversed in this fashion this year, I would not undertake to guess. However, I think this ought to be pointed out, since earlier in the debate there was much discussion of the tax program enacted in the last Congress. I think it ought to be understood, and why it is not understood I do not know, but, first of all, an overwhelming majority of the Members of the House of Representatives last year on both sides of the aisle supported these various programs, including the 10-percent reduction in personal income taxes which was made possible by savings, as you say, of \$3 billion, which went right into the pockets of the taxpayers, and the people in the lowest brackets got the greatest benefit. In that case, we came back from the Korean war, where the tax was cut in the lowest bracket from 22 percent down to 20 percent.

Now, the billion-dollar reduction in excise taxes, I think in overwhelming measure, went likewise into the pockets of the taxpayers, even those in the lower brackets, because they paid less for a telegram or for a railroad ticket or to buy many other things where relief was afforded. We extended the excess-profits tax for 6 months. The gentleman has pointed out that that has been good for the economy. I do not find any objection to it.

There has been a lot of conversation about the big tax-revision bill, \$1,400,000,000. There, most of the benefits are going to people—farmers, with a better tax-amortization program; working mothers, with better treatment and more favorable allowances on medical expenses, and so on down the line.

The gentleman from Massachusetts says that this \$20 proposition is to overcome all of the inequities of the tax program of the 83d Congress, \$7.4 billion. But to me it is significant that there is not one word in this proposal to undo anything that was done with respect to taxes in the last Congress. That amounts to a tacit approval at this time of that program.

Mr. CURTIS of Missouri. The vote on H. R. 8300 was 339 to 80. I think the House rather overwhelmingly endorsed H. R. 8300, which, incidentally, was really a codification and revision of our tax laws, which had not been revised for the past 75 years.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. CURTIS] has expired.

Mr. COOPER. Mr. Chairman, I yield 15 minutes to the gentleman from Louisiana [Mr. BOGGS].

Mr. BOGGS. Mr. Chairman, one of the principal matters discussed this afternoon has been the so-called tax revision bill of 1954.

As far as I have been able to find out, nobody has been able to provide an accurate estimate of what that bill may eventually cost. The fact remains that the President of the United States signed that bill when he knew that it would increase the deficit facing the United States of America. Estimates of revenue losses range to all sorts of figures. Of course, the debate waxes back and forth on recapture, and so forth and so on, but just one provision of the bill, the so-called depreciation provision—

Mr. YOUNGER. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. Yes, I yield.

Mr. YOUNGER. Did the gentleman vote for the bill?

Mr. BOGGS. Yes, I did, after voting for a motion to recommit.

Mr. YOUNGER. But the gentleman did vote for the bill?

Mr. BOGGS. Yes, sir; I did. And you will find it in the RECORD. There were many very good provisions in the bill which revised the entire Revenue Code and involved very little revenue.

One estimate is that the depreciation provision alone would cost a billion dollars this year. I would like to read a paragraph or two from an article appearing in the New York Times of Sunday, February 13, 1955, just a week or so ago:

Changes in the rules for depreciating new property will cost the Federal Government about \$1 billion in taxes this year, one expert estimates. And because few corporate managers will use one set of figures for the tax collectors and another for their shareholders, he says, the same changes are likely to cut apparent corporate net profits by \$450 million.

Willard F. Stanley, president of Corporate Services, Inc., is the man responsible for these figures. He holds that corporations should keep two sets of books. Otherwise, the investing public may not understand what is happening, he fears, and the effects on the market for securities may be unfortunate. The new rapid-depreciation rule is a purely artificial device to permit corporations to hold on to more of their cash in their early days—

And so forth. That is one expert's opinion.

I cite that only because of the fact that this legislation was signed by the President in the face of a deficit considerably larger than the deficit he faces at this time or may face on January 1, 1956.

Mr. McCARTHY. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield.

Mr. McCARTHY. Does the gentleman recall that the President was asking for a \$15 billion increase in the public debt at the same time he was accepting this tax cut?

Mr. BOGGS. That is correct; nevertheless, that did not deter the Republican leadership in pressing for that bill.

So we are faced with a situation where this administration despite all of the pious platitudes we have heard has actually embraced deficit financing.

The acting minority leader can talk about what he saved and what he did

not save, but the fact remains that the budget has not been balanced and that there is no recommendation contained anywhere in the President's budget message that it be balanced. As a matter of fact it was a bit ironical to me last fall to hear some of the spokesmen for the Republican Party talking about the so-called planned deficits of the previous administration. The truth of the matter is that this is the first time we have had planned deficits. We had deficits before, but they were not planned. Let me read a few excerpts of testimony before our committee over a period of years.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from California.

Mr. McDONOUGH. I think the gentleman ought to explain that his reference to planned deficits is a planned determination to reduce deficits—which we have been trying to do—as compared with a voluntary deficit spending program, that we have referred to frequently, under the previous Democratic administration. There is a difference, and I think the gentleman will admit there is a difference between involuntary deficit spending and voluntary deficit spending. We believe there has been a lot of voluntary deficit spending in previous administrations, and we are trying to plan to reduce the deficit spending. That is the reference the gentleman just made to what we are attempting to do.

Mr. BOGGS. The gentleman makes a fine statement. Unfortunately it does not stand up.

Mr. McDONOUGH. I do not agree with the gentleman.

Mr. BOGGS. The gentleman is certainly incorrect. Let me give the gentleman a few examples. In the fiscal year 1951, for instance, the spending for non-defense items was \$18.5 billion.

In 1952 it was \$19.4 billion.

In 1954 it was \$19.9 billion.

In 1955, that is this fiscal year, it is estimated at \$21.8 billion.

These are your nondefense items. You have done some trimming on defense items. Maybe they have been wise and maybe they have not, but the point I am making is that in each year in the previous administration the representatives of that administration came in here and asked for the taxes to finance it. I will read it to you if you do not remember it. I will read you from Secretary Snyder's statement before the Ways and Means Committee in 1947:

The first requisite of such a tax system is that it should produce adequate revenue to balance the budget and to provide substantial payment on the public debt—

He asked for more than a balanced budget. He asked for payment on the public debt as well—

in order to sustain the confidence of the public in the integrity of the Government's obligations and its financial strength.

In 1950:

As the President stated in his tax message on January 23, 1950, our general objective should be a tax system which will yield sufficient revenue in times of high employment,

and national income to meet the necessary expenditures of the Government and leave some surplus for debt reduction.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from California.

Mr. McDONOUGH. Insofar as deficit spending is concerned, there is not any question but that the deficit spending was much greater under previous administrations.

Mr. BOGGS. That is not necessarily true. As a matter of fact, in 2 or 3 years the budget was balanced and we had a surplus.

Mr. McDONOUGH. If you would follow your own Secretary of the Treasury's advice now you would not bring in a bill to reduce revenue \$2,300,000,000 when at the same time the gentleman just read a statement of his Secretary who said that the first obligation is to reduce deficit spending and tax revenues.

Mr. BOGGS. I thank the gentleman for his contribution, but I would say to the gentleman this administration has embraced deficit financing and, in addition to that, this administration has said it will reduce taxes next year. This simply anticipates what they have promised and sets up a fair method of reducing taxes.

Let us talk about some of the other positions that have been taken right here in this body. I recall the debate in the 80th Congress on a tax measure advanced by the gentleman's party and I quote from our distinguished former Speaker:

Oppressive taxes have toppled many a government to destruction, and many a monarch from his throne. I urge you to remember three vital facts: First. The tendency of all governments is to continue endless expansion of spending to the point of ruin.

Tax cuts do not necessarily mean corresponding losses to the Treasury. The history of this Nation abounds in evidence that lower tax rates stimulate commerce and trade, which in turn yield greater Federal revenues.

In the other body the distinguished chairman of the Senate Finance Committee had this to say:

In the 1920's, after we had come out of World War I and were in conditions that are comparable to those of today, only on a smaller scale, we passed tax-reduction bills, we increased exemptions, we reduced income and corporation taxes. We passed those bills in 1921, 1924, 1926, and 1928, and we did not lose revenue, we gained revenue, through the operation, I suggest, of a simple axiom, that when the economy is loaded down with oppressive rates of taxation, and they are released, there is bound to be a stimulation of business.

Mr. President, I repeat, the likelihood is that this reduction will not destroy surpluses, that it will enhance surpluses, because it will enhance the revenues.

Well, now, the distinguished gentleman from New York, my good friend, the former chairman of my committee, advanced the same argument at the same time when we were considering that bill in the 80th Congress. So, it seems to me that what we are confronted with here today is not an administration which has dedicated itself to balancing the budget. If that had been the case, the administration certainly would not have sponsored H. R. 8300 last year in the form

which they approved. That bill increased the estimated deficit last year by approximately \$1.5 billion, making the deficit for this year about \$4.5 billion. Now, if that was not inflationary, if that did not do all of the things which my distinguished friends say today our \$20 proposal will do, then how can it be logically argued that a \$20 across-the-board exemption or tax credit which increases the deficit considerably less than H. R. 8300 increased it last year could possibly have all of these dire effects?

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Tennessee.

Mr. EVINS. The gentleman spoke earlier of the former chairman of the Committee on Finance. It might also be pointed out that he was chairman of the Republican policy committee in the other body and he advocated in the last session of the Congress the identical proposition which the Democrats are proposing now.

Mr. BOGGS. I thank the gentleman. Although the proposition was not exactly identical, the proposal which he offered, if I recall correctly, was a \$20 tax credit to the taxpayers. Ours is across the board and much more beneficial to the average taxpayer with a family to support.

Now take a look at the economic situation. If all of the arguments advanced in the 80th Congress about the necessity of stimulating the economy, increasing employment, putting more money in circulation, were valid, certainly they are more valid today.

Mr. YOUNGER. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from California.

Mr. YOUNGER. I am somewhat troubled by the gentleman's argument. If they are valid, why are they not valid for the income for 1955?

Mr. BOGGS. They might very well be.

Mr. YOUNGER. That is the point. Why was the bill made for the income for 1956? If all of those dire things that the gentleman pointed out are true, why was not the bill designed to give relief to the income for 1955?

Mr. BOGGS. I will answer the gentleman by saying that it was my hope that such relief would have been given in 1955. That was one reason that I sponsored the \$100 exemption in the committee last year.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Arkansas.

Mr. MILLS. Is it not true that the committee was attempting to act within the limits of the hope expressed by the President for relief in 1956?

Mr. BOGGS. Exactly.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. And to be sure that the injustice of last year was rectified by justice for the lower income groups.

Mr. BOGGS. I thank the gentleman.

Mr. YOUNGER. Mr. Chairman, if the gentleman will yield further, if it is an injustice, would it not be better to relieve that injustice now than to wait a year?

Mr. BOGGS. I answered the gentleman's question. If the gentleman wants to engage in a colloquy with the gentleman from Massachusetts, I suggest he get his own time.

That leads me to a discussion of only one other thing. There have been a lot of words thrown around here. I have heard the word "irresponsible" used. You know, it is a bit interesting to me to be responsible one week when a majority of the Members on our side are passing the President's trade agreement program with only 66 Members on the other side voting with the President, despite all the campaign slogans about how Ike needs so and so and so and so, and then come back a few days later and be irresponsible because we are advocating a tax reduction that the President of the United States says he will do next year except we advocate doing it in a little different way.

I would suggest that it is the function of the Committee on Ways and Means, the constitutional function of the Committee on Ways and Means, to institute tax legislation. And despite all of these convenient epitaphs, the Chief Executive of our country does not look too good when in one breath he accuses us of irresponsibility and in the next breath says, "I will do it myself next year."

Let us look at the economic conditions of the country. I hear all these statements about our great advances. The truth of the matter is that our net national product was \$8 billion less in 1954 than it was in 1953. You say that is not very much. But when you consider that our labor force as a whole adds 800,000 young men and women every year, when you realize the advance of technology in contributing to unemployment, then that figure becomes a very large figure indeed.

The hope expressed by the President that he would balance the budget by increasing revenues derived by an expanding economy becomes more of an idle dream than a fruitful hope, because if you continue losing \$8 billion a year, instead of ending up with a total gross national product of \$500 billion as the President estimated, for I believe, 1965, you could very easily end up with much less than you have now.

Mr. McCARTHY. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Minnesota.

Mr. McCARTHY. Would it not be consistent with the policy of progressive moderation that this should be the third best year?

Mr. BOGGS. In any event, I think from every point of view, from the point of view of existing economic conditions in our country, from the point of view of justice and fairness, from the point of view of the President's known commitment, this proposal is a fair one and should be adopted by the Members of this body.

Mr. REED of New York. Mr. Chairman, I yield 10 minutes to the distin-

guished gentleman from Pennsylvania [Mr. SCOTT].

Mr. SCOTT. Mr. Chairman, I should like to congratulate the gentlemen on the other side of the aisle for their continuing and loyal support of the President, in keeping with their numerous promises on this floor and otherwise as exemplified by their desire to increase the national deficit, to increase the national debt, to add to the inflationary pressures in the country, and to give everybody 20 bucks and a mule.

In my city, which is controlled by a Democratic city hall gang, the top price paid for a vote, according to current report, is never more than \$1. I am wondering what you gentlemen plan to do with the other \$.9. Perhaps you are figuring it is cheaper to promise the voter \$20 than to pay him \$1. This is a sort of government by gimmick rather than responsible government. It is a government by a wrecking crew of "Wreckercrats" rather than members of a responsible political organization. It represents a reversal of every considered statement made by your fiscal and political leaders. Therefore, I wish to congratulate you on the continuing, consistent inconsistency of your party in the hope of befuddling the voters and confusing the electorate, all of which I sincerely believe you will completely fail to do.

Before this \$20 income-tax proposal goes any further, I think we ought to consider carefully the unusual conditions under which it was born. The last speaker mentioned the constitutional and legislative functions of the great Committee on Ways and Means, yet, as I understand it, those functions were flouted in this very bill by reason of secret sessions and midnight work and failure to consult the minority and failure to hold hearings, and reliance entirely upon political expediency rather than upon fiscal commonsense. It was not the product of any normal bipartisan procedure.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. I yield to the gentleman from Tennessee.

Mr. COOPER. May I point out to the gentleman that I submitted the question to the full committee and the full committee agreed not to hold public hearings.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. I would be glad to yield to my colleague from Missouri, because again I think I see the gimmick.

Mr. CURTIS of Missouri. I do not think it was ever submitted. We had a notice for an executive session Monday morning. As to what the gentleman was saying, it was agreed there would be no hearings on H. R. 4200, which was the mere extension of the excise tax and the corporate increase. But as to this Mills amendment, there was never any agreement on that, there was never any full committee decision because it was never presented to us. You all put that through Monday morning, the first day we met and the only day we met.

Mr. COOPER. It was agreed in the full committee on Thursday when we reported the trade-agreements bill that we would not hold public hearings on the extension of the corporate tax and the excise tax.

Mr. CURTIS of Missouri. That is exactly right, but where is the Mills amendment in there? Explain why nothing was said about the Mills amendment on Thursday, when we reached that agreement, and also explain why with your agreements with others around here you proceeded to allow an amendment like that even to be considered.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. I yield.

Mr. REED of New York. I just want to say that it was just by accident that I learned of this change and this secret meeting in which they were considering the Mills amendment. We had nothing to do with it and knew nothing about it. That is not orderly legislation. That never occurred under our administration.

Mr. SCOTT. I thank the gentleman. I think in my own committee experience it has never occurred with me.

I think I can understand what happened. I have been reading in the newspapers and magazines a number of statements which say that the Democratic Party leadership has been floundering, that they have been unable to find any issue with which to undermine the President, to attract public attention, to say nothing of the possibility of some electoral greed being inspired. Continually being needled by the press and by the magazines, it is natural that they would come up with something. It is my conclusion, which I think is supported by evidence, that this is the gimmick they thought of in the hope that they could buy the votes of the American people at 20 bucks a head.

I think that does two things. First, you are not going to buy them at \$20 a head, and second, I do not think you are going to fool them, because the only people you are going to get by this kind of tactics are the people you have already, because anybody who would buy this kind of a thing has already been buying the kind of stuff you have been laying out for many, many years.

I hear people say, "Tax reduction." I do not recall any previous tax reductions which were sponsored by Democrats. You wait until the Republican President comes along and stabilizes the currency and amasses some kind of competence for Uncle Sam, and then you say, "We would like to have the privilege of giving it away but we don't dare give it away now. We would rather wait until you have amassed a little more competence and gotten closer to an election year. Then we will give it away."

This announcement which was made on February 19 of strategy by the distinguished leader was not made by a committee charged with the responsibility for protecting the welfare of all of the people of the United States, but by a secret meeting of the Democratic Party leaders, as we have heard, and all Democrat members of the Committee

on Ways and Means. The exclusion from this meeting of all except the chosen few Democrat Party leaders seems to indicate this is a matter of Democratic Party welfare in which the interests of the people must come second. Taxes have been so high for so long that no one can blame the taxpayers for hoping for some additional relief, but in view of the history of how taxes got so high and the plans of the Democrats to increase Government expenditures, this proposal to increase the Federal debt to provide a \$20 handout seems shabby indeed. It looks as if we are being asked to mortgage the future of our children and their children as taxpayers to buy some votes for the Democratic Party. It would appear that a few irresponsible leaders are determined to wreck the program of the Eisenhower administration even if it means wrecking the economy of the Nation at the same time. I do not think, in spite of the burdens on the taxpayer, there is anything wrong with his memory. The press, for example, on the 4th of January 1955, in the New York Herald Tribune contained a headline story entitled "RAYBURN Against Tax Cut—Backs Eisenhower Stand." In that story, Mr. RAYBURN was quoted as saying:

I do not think the Government can do without the money.

In the same article, Mr. RAYBURN is quoted as opposing an increase in the \$600 income-tax exemption, "unless something is put in its place."

What has happened to these various high resolves? Has our distinguished Speaker found some new source of revenue or has he yielded to the dictates of the Democratic national committee leadership, which seeks some popular issue at any cost. The taxpayers will remember, too, that in less than 8 years, President Truman, a Democrat, collected more taxes than all other Presidents in all of American history. In fact, more than 3 times the amount collected in 144 years by all of the Presidents prior to President Roosevelt and more than double the amount collected under President Roosevelt. You can remember also and realize this concern of the Democratic Party for lower income taxes is not reflected in any past behavior on their part. Under the Republican administration from 1925 to 1931, income-tax exemptions were \$1,500 for a single taxpayer and \$3,500 for a married man, and from 1932 to 1939 the Democrats cut those exemptions to \$1,000 for a single man and \$2,500 for a married man. In 1940, they whittled the taxpayers' exemption away still further leaving the exemptions at \$800 for a single man and \$1,500 for a married man or \$2,000 exemption less than he had enjoyed under the Republican administration.

I might interject here that if the taxpayer had even half of the exemptions which were taken away from him by previous Democratic administrations, the amount which you are talking about saving here to him today would be nothing more than peanuts and more people would be taken off the tax rolls by far

than you propose to take off by this bill. So you are the people who put these people on the tax rolls. Remember that. You are the people who kept him on the tax rolls. Now you come in and propose this government by gimmick. In 1941 the Democratic spending continued. The single taxpayer was further reduced to \$750 and other exemptions took place as I said, and as I will have an opportunity to state at the end of these remarks.

It took the Republican 80th Congress to stop the decline and to raise personal exemptions to \$600 and \$1,200. This is the only party which has given the people any increase in exemptions. It is the only party that has given the people any tax reduction and the only party which has introduced stability in the currency of this United States. There is every indication that this sudden, grandstand gesture came as a surprise to the rank and file members of the Democratic Party, because in addition to the Speaker's statement in January, there are recorded on February 12, 1955, statements by key Democrat members of the Committee on Ways and Means to the effect that the Formosa crisis had killed off prospects for an early effort to cut income taxes.

The gentleman from Arkansas [Mr. MILLS], a senior Democrat on the committee, and the author of this motion, said he favored a "wait and see" policy.

As late as last month I might have been willing to go along with an early move to cut taxes, effective next July 1, 1955, or January 1, 1956, but I would want to be cautious now—

He said.

What has caused the gentleman from Arkansas [Mr. MILLS] to throw caution to the winds and to now adopt a policy which he thought he ought to be cautious about in January? Could it be the insistence of the Democratic National Committee, people on the Democratic side, to the effect, "Give us an issue. Give us something to talk about. Give us a chance to buy the voters. We cannot reason with them. We do not have anything to say to them which will persuade them to come over to our side, so let us go back to the old city-hall-gang tactics, if you cannot win them by persuasion, buy them. Shell out the cash." The cheapest way to do that is to shell out Uncle Sam's cash. You do not have to make any reports under the election laws or the Corrupt Practices Act.

Only a week before this proposal was announced, the gentleman from Tennessee, who is chairman of the committee, and whom we all love, said he had not given any thought to a tax cut, and yet he has come up with this proposal. I wish that perhaps he had given us something more reasonable with which to contend.

On the 19th of February, 1 week later, the Speaker announced that Democratic leaders had conferred and decided to push for this \$20 tax handout, because "It would give economy a boost." This, in spite of the fact that the country is enjoying its greatest peacetime economy in history.

There are several phases of this Democratic proposal which stamp it as the political phony which it is. This is as phony as a \$19 bill. I took off 10 percent. That was the Republican 10 percent which the gentleman from New York will recognize, which we gave the taxpayers last year. This is as phony as a \$19 bill. First, it proposes to reduce the tax revenues of the Nation by \$2.3 billion without providing any new sources of revenue. In the meantime the Democrats are pushing for numerous increases in Government expenditures.

Second, there seems to be little reason to rush the tax cut through at this time, 10 months before it would take effect, when no one knows what conditions may confront us in the next few months.

If the need for increased defense expenditures is as great as the Democrats claim, they can hardly be sincere in asking for this cut of over \$2 billion.

Third, the proposed \$20 handout would come at a time when wage earners have already made substantial gains.

Fourth, the sponsors of the proposal seem to agree that the measure could not stand on its own merits, and they have therefore resorted to trickery to assure its passage. They seem to agree that the measure could not stand on its own merits, and they added it to the corporate tax rate extension in order to be sure to get it through by device rather than upon its merits.

Now, Mr. Chairman, if this is a good measure, as someone has just said, why not make it effective now? If it is not a good measure, why make it effective at all? If it is going to be a good measure 10 years from now, who owns the crystal ball that will tell us—

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. REED of New York. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. SCOTT. If this is going to be a good measure who owns the particular crystal ball that will tell us the state of the appropriations of this Government 10 years from now?

Mr. ROGERS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. In just a moment.

I am going to ask the gentleman over there to give us some assurances which we would welcome.

The requests I am asking are these: Are you gentlemen prepared to vote against every increase in appropriations?

Are you prepared to vote to keep the cost of Government down?

Are you prepared to vote against all these boondoggling measures which will provide pork-barrel handouts in your own districts?

What are you going to do about TVA?

What are you going to do about all of the other gravy trains that you seek to ride on?

If you will tighten your belt and keep the cost of Government down and then come back to the people and say you would like to have a tax cut you will have earned it.

Mr. ROGERS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. I yield to the gentleman from Colorado.

Mr. ROGERS of Colorado. Was not the gentleman repeating the argument used about the tax cut a year ago, that if a tax revision was made it would be inflation and create a desire in industries to continue in that development? Was not that one of the reasons given for the tax bill a year ago?

Mr. SCOTT. No; that was certainly not one of the reasons I recognized.

Mr. ROGERS of Colorado. That was the reason for the tax cut a year ago.

Mr. SCOTT. Let me give you the facts. There was a different basis. At that time there was a declining economy. The cut was made when the gross national product was declining; this bill is up at a time when the gross national product is increasing.

That tax cut was made after we knew what the appropriations were going to be for the most part; this is made in advance.

Mr. ROGERS of Colorado. Does not the gentleman agree that a \$20 tax cut to each taxpayer or his dependents, given to the great masses of people, they in turn would spend the money as those people who enjoyed tax reduction a year ago, who were expected to invest it in industry?

Mr. SCOTT. I will answer the gentleman's question by asking him a question. Is the gentleman saying to me that this \$20 handout would improve the economy of the country?

Mr. ROGERS of Colorado. Yes.

Mr. SCOTT. Yes; all right.

Mr. ROGERS of Colorado. The gentleman also agrees it will improve the economy of the country and put more money into the hands of people who are ready and willing to spend it.

Mr. SCOTT. Will the gentleman then answer me this: If \$20 given to the American taxpayer is going to improve the economy of the country, how was the figure of \$20 arrived at? If \$20 is good why would not \$40 be better, or \$100, or \$1,000? I would like for the gentleman to tell me where he got the \$20 figure from.

Mr. ROGERS of Colorado. For myself it was the result of a little reason and logic. If you have a bill in to raise the exemption up to \$1,000 it would have the same effect. I think the average of this \$20 would just about offset an increase in the personal exemption to about \$750 on each taxpayer. That is my theory of it.

Mr. SCOTT. Will the gentleman just tell me whether he reached out and picked it out of thin air or from the Democratic National Committee?

Mr. ROGERS of Colorado. The gentleman has had the figures recited as to the amount.

Mr. SCOTT. Will the gentleman tell me where they came from?

Mr. ROGERS of Colorado. As far as I am concerned it came from a little reason and logic as to a reduction to the individuals who were entitled to it who did not get it 2 years ago when taxes were reduced.

Mr. SCOTT. But the gentleman's reason and logic never entered into the \$20 figure.

Mr. ROGERS of Colorado. Absolutely, because we knew it would benefit the great mass of the people.

Mr. SCOTT. Then the gentleman accepts responsibility for having suggested the figure of \$20 and recommended it?

Mr. ROGERS of Colorado. I do not think it is necessary for anybody to accept responsibility for a little logic on the application of a great tax reduction or at least a fair tax reduction to all the people when they have not been granted it under this administration. As you know when we passed the tax bill—

Mr. SCOTT. I cannot yield to the gentleman for a speech. I will be glad to yield, however, for a question.

Mr. ROGERS of Colorado. But the gentleman asked me a question which I would like to answer.

Mr. SCOTT. I yield briefly for that purpose.

Mr. ROGERS of Colorado. My response is simply this, that when we had the revision up a year ago there was an attempt to make those tax burdens equal and that any relief granted be applied equally; and it was not done to the great masses of the people.

Mr. SCOTT. Did the gentleman vote for that tax reduction bill?

Mr. ROGERS of Colorado. I did.

Mr. SCOTT. I want to thank the gentleman.

Now I must yield to the gentleman from Texas.

Mr. BURLESON. I was interested in what the gentleman said about the pork-barrel expenditures and so forth. I fully agree with the gentleman.

Mr. SCOTT. I can fully imagine what is coming after that.

Mr. BURLESON. Pork-barrel expenditures are never justified; but in considering tax measures we must not lose sight of the fact that we have a tremendous highway program before us, something that is almost beyond the imagination to grasp; we have a health program or scheme here, and a lot of other things underway. They must be paid for.

Mr. SCOTT. Are you going to take that money from the veterans or from the mass of the taxpayers through inflationary prices? From whom are they going to take that money?

Mr. BURLESON. The point is we are not going to take it away from anybody.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. COOPER. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. MILLS].

Mr. MILLS. Mr. Chairman, the Committee on Ways and Means, in its action on H. R. 4259 has demonstrated the type of fiscal planning required to insure the stable growth of our economy. By adding an individual income-tax credit of \$20 per exemption to the bill, which extends the present corporate and excise tax rates for 1 year, the committee has shown the wisdom and foresight which are essential to constructive fiscal policy.

Although the President's economic report assures us that the present recovery

from last year's recession will result in the attainment of full employment by the end of the year, many of the economic experts appearing before the Joint Committee on the Economic Report during its recent hearings expressed concern that the present recovery rate might not be maintained without fiscal and monetary action by the Federal Government. The \$20 per exemption tax credit, which will save taxpayers about \$800 million during the fiscal year 1956, is scheduled to take effect at the beginning of 1956, at a time when the economy may well be in need of a shot in the arm to bolster a lagging rise.

Moreover, this type of tax cut, unlike the selective or discriminatory reductions of last year—over 75 percent of which went to upper income individuals and to corporations in the first year and much greater later on—is designed to provide a broadly distributed increase in purchasing power. This increase in purchasing power is necessary if the economy is to avoid developing symptoms of excess capacity which would bring a halt to recovery and to continued growth in our economic potential.

The tax savings effected by this \$20 tax credit do not pose a threat of renewed inflation. No one seriously suggests that at the end of this year we shall be operating so close to our economic capacity that we could not accommodate a \$2 billion increase in purchasing power without the danger of significant price rises.

Nor need we be unduly concerned about the effect of this \$20 tax credit on the Government's budget. The President himself stated in his economic report that the expansion of the economy, in itself, should make possible another step in tax reduction next year, when the \$20 credit is proposed to take effect. Moreover, the prospects of a budgetary deficit did not deter the administration last year on tax reductions which totaled \$7.4 billion. Apparently the deficit prospect did not evoke the specter of inflation when the tax reductions were for the benefit of corporations and upper-bracket individuals. It is only when a tax reduction which will benefit all individuals across the board is proposed that the Treasury warns us that prices will go through the ceiling, even though the tax reduction is only a third as large as that which the administration unduly boasts of having provided last year.

Mr. Chairman, the gentleman from Pennsylvania [Mr. SCOTT] has expressed the idea that seems to motivate the thinking of so many people in and out of the Congress. First, he suggested that in considering fiscal matters we should add up what we must spend, then after adding up what we need to spend we should determine the level at which we tax the American people. The gentleman asked, "From whom do you take a tax reduction? Do you take it from veterans? Do you take it from education? Do you take it from other sources?"

I am sure the gentleman will remember that, in the first place, we take money from all of the people to constitute the total revenues of the Government. The \$20 tax credit is just this simple: It means that after the first of

the year 1956 we will just take less from all the people for all the expenditures of the Government. The Congress after seeing how much should be spent in the fiscal year 1956 may act accordingly on those expenditures.

Mr. SCOTT. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Pennsylvania.

Mr. SCOTT. I gather that what the gentleman is really saying is that instead of advocating economy he would take it from the deficit.

Mr. MILLS. No. The gentleman from Pennsylvania understands quite well what I am talking about. I think the gentleman may be guilty of some New Deal thinking about finances. I am surprised at the gentleman, in view of the fact that he has occupied such exalted positions within the ranks of the Republican Party. The gentleman indicates that the people downtown in the executive branch have to tell us how much money we have to make available for their expenditures and then we have to provide the revenues on the basis of what they say they need. That is exactly what he criticized us for in previous administrations.

I am somewhat surprised to find my Republican brethren falling into the same situation about which they criticized us Democrats for 20 years. The people downtown told us, you said, what had to be appropriated for all this boondoggling as you called it, and all this other business, then we had to provide the revenue. Now the gentleman from Pennsylvania, the former chairman of the Republican National Committee, bases his opposition to giving relief to taxpayers generally throughout the United States on the argument that somebody downtown has asked for the expenditure of certain sums of money and that we cannot reduce taxes and give them the amount of money they want.

Mr. SCOTT. Will the gentleman yield for a correction?

Mr. MILLS. I yield to the gentleman.

Mr. SCOTT. I said that I opposed tax relief under certain circumstances.

Mr. MILLS. The gentleman is against this measure before us today, is he not?

Mr. SCOTT. I am against what is a phony bill by trickery to buy votes. I am for tax relief based on sound fiscal policy.

Mr. MILLS. The gentleman opposes it, he says, because it is phony, but he would be for it if it provided a straight across-the-board 10-percent reduction?

Mr. SCOTT. I would not be in favor of any tax reduction at this time unless we knew from the Appropriations Committee and from the subcommittees what our fiscal situation is going to be.

Mr. MILLS. Why not tell the Appropriations Committee and the other committees handling appropriations how much revenue we may expect to have in 1956?

Now, on that point, I like the philosophy of my distinguished friend, the former chairman of the Committee on Ways and Means, the gentleman from New York [Mr. REED]. I like his philosophy a little better than this philosophy

you are springing on us here today that you have to determine revenues after you find out what you are going to appropriate. The gentleman from New York has called attention time and time again to the fact that in the twenties the Republican Party succeeded in reducing taxes year after year and that the revenues to the Government under those reduced rates equaled the revenues of the previous year under higher rates, and they kept increasing, and you brought about prosperity that you bragged about for a generation. Now, if it worked then, why does it not work now? If it worked in 1954, why does it not work now? Oh, listen. I say to the gentleman from Pennsylvania [Mr. SCOTT], former chairman of the Republican National Committee, do not try to kid us. Do not try to kid us, in the language of the Secretary of the Treasury appearing before our committee, and this is his language. He said, "Don't kid us." Do not talk about your sanctity and your great love for a balanced budget. Do not talk to us about something phony.

Mr. SCOTT. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I will yield when I complete unloading on you.

Now, do not talk to us about those things. Your party is no more aware, no more conscious, no more concerned, than you would have us believe some other party about the desirability of a balanced budget. The gentleman knows that last year his party did not stop a tax reduction because of an unbalanced budget. The gentleman knows that the tax bill last year contributed \$1.4 billion to this current fiscal deficit of \$4.5 billion, and no one would tell us how much the loss would be in future years. It is billions and billions. Now you attempt to talk to us about something being irresponsible. The gentleman knows that in the fiscal year 1956 the gentleman's own party has contributed through the tax reduction in H. R. 8300 to well over half of the projected \$2.4 billion deficit in fiscal year 1956. Yes, the President says we have scaled new heights of irresponsibility. Let him say what he wants to, but neither he nor you nor anyone else has said that this \$20 tax credit does not take care of those people in the low-income-tax brackets, the very people we are attempting to give relief to and the ones you hardly nodded to. The bill of the gentleman's party last year, which probably came from the Republican National Committee—he says this came from ours—had in it the thinking, I am sure, of Republican equity in tax reduction, because it provides, we now have been told, 75 percent of its relief for corporations and individual taxpayers with incomes in excess of \$5,000, I think it is, and only 25 percent of all the relief involved, went to taxpayers with incomes of less than that figure. All the gentleman has to do is to confer with the staff to get the figures. You would not even give us information on relief by income groups. Anyone can check your report and see that. The gentleman can get the information, if he wants it. Just a small fraction of the relief in H. R. 8300 of last year goes to people with \$5,000 or less of income. Our \$20 tax

credit gives 66 percent of the total relief to those with adjusted gross incomes of \$5,000 or less.

I now yield to the gentleman from Pennsylvania.

Mr. SCOTT. I would like to correct the gentleman by pointing out—

Mr. MILLS. The gentleman likes to be corrected.

Mr. SCOTT. I would like to point out, first of all, the gentleman has not mentioned that it was the Republican Party or the administration that made a cut in spending of \$11 billion last year.

Mr. MILLS. Seven billion, four hundred million, the gentleman means.

Mr. SCOTT. No. Eleven billion dollars.

Mr. MILLS. Has it gotten up to that figure now?

Mr. SCOTT. Let the gentleman try to be as accurate as I try to be.

Mr. MILLS. We were talking about tax relief, were we not? At least I was.

Mr. SCOTT. Cut in spending. I knew what I was talking about down in the well. Now, the gentleman made a reference about kidding the American public.

Mr. MILLS. No. I was referring to the gentleman trying to kid me.

Mr. SCOTT. Well, all right. Take it anyway the gentleman wants. Let me ask him this question. Has he ever heard of any more expensive way of kidding the American public than to try to grab \$2 billion out of Uncle Sam's Treasury right now to give back to the voters in order to buy their votes?

Mr. MILLS. Yes, sir, on one other occasion less than a year ago I saw an example that far outweighs this present instance in kidding the American people. You tried to tell the American people in 1954 that you were giving them tax relief. The people woke up to the fact that the gentleman's party had not given them tax relief, had not given tax relief to anybody in the lower-income tax brackets, or at most only to a small degree and that most of the tax relief had gone to the people with higher incomes. Now I do not criticize all of that. I criticize the imbalance that existed; the fact that the relief was not balanced and evenly distributed to all taxpayers. I criticize the fact that the Republican Party, as a party, saw fit at a time when the budget was unbalanced, when they could not give relief to the rank and file of the American people, they gave relief to the coupon clippers.

The gentleman knows that every time since World War II the Republican Party has been in charge of the Congress, it has voted a tax-reduction bill and the people have thought so little of the tax reduction provided by that party that they have run them out of office each time.

The whole trouble with the present situation from the Republican standpoint, I will say to the gentleman from Pennsylvania [Mr. Scott], is this: Somebody may have been outmaneuvered. That is the reason the gentleman screamed so loudly. Somebody may have been outmaneuvered and the gentleman criticises this tax relief not on the basis of the equity involved nor on the basis that it is not fair for all tax-

payers to have a tax reduction, but because somebody in the gentleman's party did not think of it soon enough.

Mr. SCOTT. Mr. Chairman, I thank the gentleman for the many courtesies and compliments he has showered on me. I must have hurt him and his side.

Mr. MILLS. I have talked to the gentleman because he is a former chairman of the Republican National Committee and because the gentleman's speech sounded to me as though he might have had some collaboration in high places in the preparation of it.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman.

Mr. CURTIS of Missouri. Now I want to get back to these figures.

Mr. MILLS. I might say to the gentleman that a table on page 1253 of the Senate hearings on H. R. 8300 shows that only 31 percent of the relief involved in the 10-percent individual income-tax reduction that became effective January 1, 1954, went to those with incomes under \$5,000. This is very different than what I heard earlier today. But the figures I gave on H. R. 8300 are ones I have seen in various breakdowns on that tax relief.

Mr. CURTIS of Missouri. The gentleman is talking about the 10-percent tax cut that was had?

Mr. MILLS. That is correct. Earlier, I was talking about H. R. 8300. I think that with respect to H. R. 8300, the Internal Revenue Code of 1954, that the low-income groups received an even smaller percentage of the total benefits than under the 10-percent individual tax cut. I also point out to the gentleman that in future years the tax benefits realized by low-income groups from H. R. 8300 will be increasingly smaller percentages. I believe I was right on my figures. They can be checked.

Mr. CURTIS of Missouri. I believe the gentleman was not. That is why it is so important to get the figures right.

Mr. MILLS. Even if it applied to that 10-percent reduction, does the gentleman think, with the big heart that he has, that it is all right in the sense of fiscal fair play and of balancing budgets, to give relief in that greater percentage to those getting above \$5,000 and leave the low-income families with a paltry handout? Does he not think that something ought to be done by the Congress to equalize the relief that has already been given?

Mr. CURTIS of Missouri. Does the gentleman want me to answer that?

Mr. MILLS. No, I did not ask the gentleman the question.

Mr. CURTIS of Missouri. What did the gentleman do?

Mr. MILLS. I am sure the gentleman would plead guilty to the charge. Does not the gentleman realize that the acting minority leader over there has already called attention to the fact that we ought to go back to H. R. 8300, have a look at it and see if we cannot get some revenue out of it? Does not the gentleman know that our committee will do that?

Do not be misled about this situation. There is not a thing in the world involved here of a controversial nature except on the gentleman's side, the peo-

ple downtown resent the fact that a Democratic Congress could come up with some idea about reducing taxes for individuals and maybe in the process prevent them from having another bill such as they had in the 83d Congress for the benefit of the high-income taxpayers. Does not the gentleman think that that might be the basis for the concern that exists here today?

I say to my good friend from Texas [Mr. Dies] that the passage of this bill and the addition of \$815 million to the prospective deficit for 1956, and the effect of it, can be completely offset by this Congress before it acts upon all of these appropriation bills. It can be completely offset by this committee and this Congress as we proceed with further studies of H. R. 8300; and the gentleman knows it.

No one should vote against this proposal on the basis of its further unbalancing the budget. Give us a chance to do something about that subsequently, but give the people the tax relief that they need so badly.

Mr. REED of New Jersey. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. Wolvertson].

Mr. WOLVERTON. Mr. Chairman, it is a strange combination of ideas that we have presented to us in the Revenue Act of 1955—H. R. 4259—the bill now under consideration.

In the first place, we have a bill prepared by the administration for the purpose of continuing certain corporation and excise taxes. The reason advanced is readily understandable, namely, the Government needs the revenue from such to help meet the running expenses of Government. Even with the revenue that comes from this source, plus income taxes, and from all other sources that produce Government revenue, we do not have sufficient to balance the budget. We continue to run a deficit each year, although we can be thankful the deficit is decreasing and each year we are coming nearer to making both ends meet. All of this is agreed to by the Democratic majority on the Ways and Means Committee that reported this portion of the bill with its approval. If it did not so approve, then, it would not have reported the bill favorably to the House.

Now, we come to the second part of the bill. It proposes eventually to reduce income-tax revenue by approximately the same amount of revenue as the first part of the bill raises. This is done by allowing each taxpayer, large and small, rich and poor, a reduction of \$20 in income taxes for himself and each dependent he has. Thus, notwithstanding the acknowledgment in the first portion of the bill that a necessity exists to maintain our level of revenue collections, yet, in the second part a reduction is provided for. What kind of reasoning justifies such a paradox? This is a case where one hand takes away what the other hand gives. It is as fine a case of blowing hot and cold at the same time that anyone could conceive. But, it leaves no doubt that it is purely a case of political chicanery. The fact that the effect is to be withheld until next year only leads to a realization of the insincerity that is

back of the whole scheme. A more honest way would have been to wait until next year and then determine whether our financial standing as a nation would permit it to be done. This latter was the plan that has been advocated by the Republican administration. Evidently the Democratic leaders have sought to take political advantage of it by saying we will enact the reduction now, but even they leave it ineffective until next year. This plan of action may fool the unthinking, but the wise and thoughtful person will say that the sensible thing to do is to wait and see the condition of the National Treasury next year. Then, it will be known whether it is wise to do so, and how much of a reduction can be safely made.

The willingness of the Democratic leadership in the House to step out in the manner they have is a fine compliment to the present Eisenhower administration. In taking the action they have leaves no doubt that these Democratic leaders realize the Eisenhower administration is intent on cutting the expenses of Government to an extent that will probably permit such a reduction to be made a year hence. If they believe otherwise, then there would be absolutely no justification for providing for a reduction a year from now.

To reduce taxes is the aim of the present administration. However, it realizes to do this, it will be necessary to reduce Government expenses beyond what has already been done. Already such expenses have been reduced by many billions of dollars. Each year the administration is making additional reductions and bringing the day nearer when there will be a balanced budget. When that is reached there can be a substantial reduction in taxes. As an assurance to the people that the administration intends to do so the Republican Congress made a tax reduction last year of \$7.4 billion. This was commensurate with the savings in Government expenses up to that time.

Last week there were some of us, and I was one of them, who voted against increasing the salaries of Members of Congress by \$10,000 for the reason that, notwithstanding there might be merit for a reasonable increase in such salaries, yet it was not proper or justifiable for the Congress to do so in any amount until the budget was in balance, or at least approximately so. While, of course, the savings incident to continuing the present salary level would not in itself balance the budget, yet this and other available sources of savings, when taken together, could have such a result. It has been said, and truthfully said, we could balance the budget by merely cutting down on the moneys we are giving to nations abroad. This latter is undoubtedly a subject that merits consideration.

There is no one in this whole Congress who is more anxious to see a reduction in the heavy burden of taxes. I am anxious and willing to give my support whenever it can be done in a manner that will not destroy the soundness of our national financial structure. To vote for such reduction merely because it is politically popular without regard

to the detrimental after effect is neither wise nor patriotic. The excessive spending of previous administrations has brought us to a realization of the truthfulness of the old adage that there comes a time when the piper must be paid. This is our present situation and as loyal patriotic citizens it is our duty to carry on until we can by wise and prudent management of our fiscal affairs bring ourselves to a condition that will warrant the reduction of taxes. I have confidence that we are well along the road to accomplish this. Let us persevere.

Because of the views I have expressed, and, the belief that they are fundamental to a sound fiscal policy, it is my intention to support the amendment to strike out that portion of the bill that relates to a \$20 reduction for each taxpayer and dependent, leaving the present corporate and excise taxes in force.

Mr. REED of New York. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. JOHNSON].

Mr. JOHNSON of California. Mr. Chairman, I think the most objective man who knows something about this problem is Mr. Humphrey, the Secretary of the Treasury. His flat statement was that this bill, if passed as it is now before the House, would again start inflation; which convinced me that the proposal to pass around \$20 tax credits is bad and might start or feed inflation.

The budget is out of balance already. Spending more than we take in is what produces bad fiscal policies and merely adds fuel to inflationary tendencies, by adding \$815 million in fiscal 1956 and \$2.3 billion a year thereafter.

In 1950 I accidentally came to know something about inflation. It happened that I was in France. I found that when I went to change my money I could get 345 francs for \$1, and if you wanted to go down the street you could get 385 francs for \$1, in the black market. In the short space of almost 30 years that ratio had dropped from 7 francs in 1918, when we soldiers of the First World War were paid in the coin of the realm so we could spend our money in the French economy, to almost 350 francs per dollar.

Inflation is certainly a deadly thing that has ruined more than one country. It is one of the reasons France is in such bad condition today. It ruined the Roman Empire, it ruined Germany, it ruined other countries.

When I came back from France in 1950 I began to look into the matter of inflation from a personal angle. I had one of my life-insurance policies analyzed by the Library of Congress. This policy was taken out in the year 1921. It was for \$2,500, and payable \$90.28 on the 14th day of June for 20 years. I paid that policy out completely, having paid \$1,805.60. I left in all the dividends. My policy was worth at that time \$3,800 by virtue of the accruals of dividends I left in.

However, I found out from the Library of Congress that that policy which I thought would buy \$3,800 worth of goods would, when we got to 1950—and the message is dated May 29, 1951—bought only \$2,058 worth of goods when measured by the dollars I put in and their purchasing power at the time of pay-

ment. It would have bought almost twice as much if the inflation had not set in. Just think that over. That happened in that short space of time. Then I tried to have it applied to the whole life insurance group. To my amazement, I found that in the United States as a whole the thing has been still more deadly than it was in my particular case.

I will read part of this report to you, but I will insert the entire article in the RECORD. It is a statement entitled "Life Insurance and Inflation in the United States in 1950." Here is what they said:

LIFE INSURANCE AND INFLATION IN THE UNITED STATES, 1950

The effect of inflation on holders of life-insurance policies is typical of its effect on all recipients of fixed incomes. All such persons whose incomes do not increase as the cost of living rises suffer with every additional point in the cost-of-living index. A policyholder who bought a \$1,000 policy in 1940 might well have expected it, 10 years hence, to give him \$1,000 worth of goods and services, in 1940 prices. However, he would find that in 1950, on the average, his \$1,000 policy, contracted for in 1940, would buy only \$588 worth of goods and services.<sup>1</sup>

In 1940 a total of \$11,429,000,000 worth of life-insurance policies was purchased. Ten years later, in terms of 1940 purchasing power, this sum had shrunk by more than 40 percent, to \$6,715,000,000.

At the end of 1950 there was in force in the United States life insurance totaling \$228 billion or about \$1,500 per persons. Thus every time there is a single percentage drop in the value of the dollar, due to the inflationary pressure on consumer prices, the insurance held by the people of the United States drops in value nearly \$2,300,000,000, or about \$15 per person.

Benefit payments to American families reached a record peak of \$3,725,000,000 in 1950. In terms of 1940 dollars these benefits, however, had a purchasing power of only \$2,188,000,000. This is less than the actual benefits paid out in 1940, which totaled \$2,664,000,000. This may be considered particularly striking when it is noted that the amount of life insurance in force in 1950, \$228 billion is nearly twice the amount in force in 1940, when it totaled \$115,500,000,000.

Since life insurance is held so much more widely today than previously, the impact of inflation in life insurance is much more encompassing. The \$1,500 average per capita ownership of life insurance in 1950 compares with \$900 in 1940, \$400 in 1920, and \$150 in 1910. As Holgar J. Johnson, president of the Institute of Life Insurance, states:

"Anything which brings about a material reduction in the purchasing power of dollars, directly affects the family security planning of the Nation's 83 million policyholders and tends to reduce the full effectiveness of the \$228 billion of life-insurance protection they have set up. Inflation thus becomes a matter of nationwide family consideration. It is urgent that everyone exert every possible effort to stop inflationary tendencies in their track.

"The life-insurance business is currently directing much of its energies toward urging Government, business, and individuals to join in the fight which will effectively check inflation."

<sup>1</sup>All cost-of-living and value of the dollar computations are based on the U. S. Bureau of Labor Statistics cost-of-living index.

Source: All life-insurance statistics are from Institute of Life Insurance publications: Life Insurance Fact Book, 1950, and Life Insurance News Data, December 28, 1950.

When you translate that \$2 billion drop, and it dropped 41 percent during that inflationary wave, it amounts to \$94,300,000,000 that the people in the United States, who held that purchasing power, have lost because of the depreciated value of the dollar.

Mr. MOSS. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of California. I yield.

Mr. MOSS. I would like to ask the gentleman if he could also put into the RECORD the increased value in real property holdings that have accrued to individual owners of property as a result of this same inflation which may have affected the value of something tied up so definitely to money as insurance.

Mr. JOHNSON of California. I can illustrate that by telling you of a home that I sold. I will not tell you in dollars but it doubled in value. Real-estate value doubled because of the cheaper dollars.

Mr. MOSS. Which would more than offset the loss which the gentleman incurred in his insurance cost, is that not correct?

Mr. JOHNSON of California. No; it would not because I had more money in insurance than I had in my house. It would not offset it. Furthermore the people who were renting were hit very badly.

Mr. MOSS. Would the gentleman say that he bought a policy entirely with dollars of value equal to the value of the dollar at the moment he took out the policy?

Mr. JOHNSON of California. Yes, sir.

Mr. MOSS. Was the dollar constant for the entire 20-year period?

Mr. JOHNSON of California. Yes; it was constant up until the thirties and then it sagged a little. It sagged a little in the forties and it sagged very much in 1950 and 1951, to 41 percent of the original amount. I am sorry I must decline to yield further to the gentleman.

Mr. MOSS. The gentleman should realize the dollar has shrunk to about half of its value as far as earning power is concerned during the thirties.

Mr. JOHNSON of California. The main point I want to make is that the people lost billions in purchasing power because of that great inflation and that could be repeated if we are not careful.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. CHRISTOPHER].

Mr. CHRISTOPHER. Mr. Chairman, the debate here this afternoon, and I have sat through it and watched it very closely, has not been so much a discussion of this tax bill as it has been a clash between the basic philosophies of the Democratic Party and the Republican Party. You know the basic philosophy of those two parties is what makes me a Democrat. To begin with, the two parties have a very different attitude regarding money. To a Democrat, money is a medium of exchange—and only that. A Democrat believes that money should flow freely at reasonable rates of interest to carry on the business of the country and that there should be sufficient credit. The Republican philosophy regards money as a commodity that can be bought, sold, hoarded, cornered, and

manipulated for the exclusive benefit of the 3 percent of our population who have it in abundance and to the detriment of the 97 percent of us who are obliged to earn it with our hands or our brains. The bill under discussion today is designed to give a little tax relief to those who have to work for a living. This has been demonstrated here this afternoon very thoroughly. No doubt the gentlemen on the left-hand side of the aisle would consider it very fortunate for the country—and I know I would consider it very fortunate for the country—if we could double our national income in the next 2 years. I think that would be wonderful. There are two ways of looking at the national debt. The national debt will never be paid or even financed by scrimping and pinching and making fewer jobs and reducing wages and keeping a Benson in the Department of Agriculture to reduce our farm prices to from 60 to 75 percent of parity. The national debt will never be paid or serviced that way. The national debt will be paid, if it ever is paid, and I trust that it will be, as the result of legislation passed by men who have foresight and vision; by men who look up and on, and refuse to look back and down.

Why do I think our national income could be doubled? Because the Democratic Party multiplied our national income by nine between 1932 and 1952. This was accomplished during a period that has been characterized by a very notable Republican as 20 years of treason. I submit that was quite an accomplishment under the circumstances. I, myself, am proud of it. That is not all the things we did during that time. We insured our bank deposits; we established the REA; we put a floor under farm prices; we passed the Securities and Exchange Act; we instituted social security and old-age insurance.

Now there has been some talk about the Democratic Party bringing out this tax reduction in order to buy votes. Democrats cannot buy votes. We do not have enough money. The Republicans are the people that have the money, millions and billions of it. It has been said that there was \$100,000 of Republican money spent in my district this year in an attempt to defeat me. I have no way of knowing it, but they bragged about having spent that much.

Talk about playing politics, here is a little newspaper clipping that says, "Mr. Stringfellow is going to make a public speech in Utah." I submit that if a Democrat, I do not care who he was, would have gone into a campaign and spoken, as Stringfellow did—incidentally, I am bringing this up because he made a speech in my home town one night, and the next night confessed to his perfidy and untruthfulness over a television station. If a Democrat should do a thing like that he would never have the gall to ever make a public speech in the United States again if he lived to be 102. But evidently Mr. Stringfellow can go right along speaking to the public.

Now, there is no way to handle this subject in the length of time I have, but whether we get tax reduction depends on who gets it. The 83d Congress gave General Motors a reduction of \$192 mil-

lion in taxes last year; General Electric, \$73 million; Westinghouse, \$72 million; United States Steel, \$53 million; Republic Steel, \$20 million; Bethlehem Steel, \$16 million; and Kennecott Copper, \$13 million; Chrysler, \$13 million; Sears, Roebuck & Co., \$11 million; International Business Machines, \$11 million; and Douglas Aircraft, \$11 million; and on down through the category. That was not only for this year but for years and years and years into the future unless it is changed. But we are so poor that we cannot give the common man a \$20 deduction for each of his dependents. So, whether a tax reduction is right or wrong depends not on the amount of the tax reduction but on who gets it. No Republican administration has come into power in my recollection that has not resulted into five things before it had been in power 4 years:

First. Lower prices for the food and fiber produced on American farms.

Second. Fewer jobs and lower wages for laboring people.

Third. Higher interest rates.

Fourth. Tighter credit.

Fifth. A tax cut for the superrich and our giant corporations.

The present Republican administration qualifies on at least four of these accounts already and still has almost 2 years to go.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. CHRISTOPHER] has expired.

Mr. REED of New York. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. HIESTAND].

Mr. HIESTAND. Mr. Chairman, \$20 tax relief for every taxpayer and every dependent in the United States, the same as handing a \$20 bill to each of 115 million people, has suddenly been proposed by the Democratic leadership. It is a cold net loss of \$2,300,000,000 revenue; and since our cash budget, due to tremendous defense expenditures, cannot quite be balanced this year, that money must be raised somewhere. To pay your bills your Government must resort to what is known as deficit financing, namely, borrowing from the banking system, which is, in effect, the same as printing 115 million new \$20 bills. The American public now understands that the more dollars you print the less the dollar is worth in purchasing power.

But that is not all. This \$2,300,000,000 added bank deposits—for that is what it is—broadens the banks' lending base, allowing them heavily to increase their loans, thus expanding bank credit. This bank-credit expansion permits added general credit expansion in other lines—merchants, manufacturers, builders, individuals, and so forth—eventually and inevitably creating an added fifteen-or-more-billion dollars' worth of inflation. Inflation, I am sorry to say, is almost invariably permanent, and means increased cost of living.

Years ago, to the average wage earner, "inflation" was only a word. He did not understand how it worked or how it affected him. He found out that, although he was earning more and more money, he was no better off, and his relatives and friends on fixed salaries or pensions were getting tragically worse

and worse off. His wife realized that a 10-cent loaf of bread was costing her 20 cents and more, that the \$5 bag of groceries on a Saturday was costing her \$10 and more.

But it hit him every other way. His children were not getting proper schooling, due to scarcity of teachers and their low pay scales, which could not keep up with the increased cost of living. He had to help his parents or relatives when the purchasing power of their previous fixed pensions was cut in half between 1939 and 1952. His transportation, rents, and everything cost more.

So, although he did not at that time know what hit him, he was hit every place but the soles of his feet, and he did not like it. He learned the hard way. He now understands that the more money you print the more you devalue the currency and the less it is worth to him.

Make no mistake about it—it is the little man, the wage earner and the people of small incomes that are going to get hurt. Rich people can afford to pay a little more for their living, but the poor man cannot. This so-called \$20-tax refund, would actually hurt the little man far worse than the rich man, and he is the very person they claim would be helped. What a swindle.

And there is that other large group of people whose income is so small they do not pay any taxes, or at least not enough even to get full refund. These are the people that are hurt worst of all. They would pay more for groceries and everything. And there is also the great army of pensioners whose exemptions we raised last year, and they get no refund, yet get soaked more. These two great groups will get badly hurt by the increased cost of living, and they do not even rate these new \$20 bills it is proposed we print. Forty-five million people are nonrecipients of \$20, but victims of the high cost of living.

But even this is not all. Such an inevitable increase in the cost of living will call for another round of wage and price increases to match it, which, in turn, will start the vicious spiral of inflation all over again. Inflation is the most vicious, most insidious form of invisible taxation.

In other words, for every \$20, \$40, or \$80 we hand back to the taxpayer this 1 year, we would soak him \$100 or more per year increased cost of living, year after year, permanently. Is not that the most cruel kind of a hoax? Give a man \$20 this one time in tax relief and soak him \$100 per year maybe for the rest of his life to pay for it. If we can balance the cash budget another year, we can then give him tax relief without soaking him \$100 per year for it.

A leading labor economist reports that the wage earner fared better in 1954 than any other postwar year. Why? Because the Eisenhower administration and this Congress, working together, effectively checked and controlled inflation. The cost of living has remained stable. So his greater take-home pay made the worker better off, and he now realizes it.

This proposition has been called a shrewd political move. But is it so

shrewd? First of all, a \$20 bill is not so big to a great many workers. It may mean only one or two bags of groceries. And if the worker knows he is paying \$100 per year for it, he may realize he is being swindled. Of course, if instead of printing new \$20 bills, the majority leadership had advocated printing new \$1,000 bills, those who were uninformed might have been delighted, at least until they found that our country and its economy had been completely wrecked, as Lenin predicted would happen as we debauched our currency.

The average wage earner is not dumb. If he sees through this swindle, and I believe he will, would not his wrath against the perpetrators of it be tremendous? Will he fall for this making him pay \$100 or more per year for a one-time \$20 refund, or will he start talking about the politicians trying to buy votes, tarring us all with the same brush?

Of course, there is still another angle to this swindle. When the Government borrows from the banking system, it does so by selling it bonds. Increased bonds means increased Federal debt, on top of our present \$278 billion which obviously we cannot possibly pay in our own lifetime. In other words, we are asking our children and our children's children to pay our grocery bills if we make this tax refund. Is that giving them a square deal? It is bad enough to create inflation through ignorance of its ghastly consequences, but to do so knowingly seems the height of irresponsibility.

Remember, you cannot fool all the people all the time.

It is the little man that gets hurt, and you will have an army of millions of angry voters to be accountable to.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. RIEHLMAN].

Mr. RIEHLMAN. Mr. Chairman, we all want taxes cut. We all agree taxes are too high. President Eisenhower has repeatedly stated that he will recommend further tax cuts when such losses of revenue can be borne without substantial increases in our national debt. I myself have voted for tax cuts, in both the 80th and 83d Congresses when we were assured that corresponding cuts in expenditures made such decreases in revenue possible with safety.

But we must not cut taxes recklessly without thought as to their impact upon our national economy—as this \$20-tax cut maneuver would. Therefore, much as I would like to make possible any tax cuts that could be made without endangering our Nation's fiscal stability, I feel that I cannot in good conscience support any such tax cut at this time. I intend to support President Eisenhower's position and vote against this amendment when it is presented on the floor of the House.

Passage of this tax-cut amendment would cause the Government to lose \$2.3 billion in revenue beginning next January 1. This apparent purely political proposal can have no basis in logic or reason because it is impossible to visualize with any certainty the fiscal picture as it will be at that time.

At the present time, not a single appropriation bill has been brought before the Congress for this year's action—we cannot possibly predict with any certainty what the final total appropriations this year will be. It is never possible to predict exactly what tax revenues will be collected this early in a year because tax revenues depend largely upon national income during the year. Unless the Democrats possess some secret crystal ball that allows them to make these predictions with a certainty that no other fiscal experts would claim, there is no possible way for them to know what the effect of this tax cut would be starting 10 months from now.

In fact, if the proponents were at all certain about the fiscal future, why would not the tax cut have been proposed to take effect immediately? If they do not want to take the responsibility for immediate tax cuts, what leads them to believe that tax cuts in the unknown future will be to the benefit of the country? When the Congress again convenes next January, it will be the same Democrat controlled Congress. Why cannot we wait until then? If the fiscal picture warrants tax reduction next January, the Congress can enact it effective immediately, and I will be among the strongest supporters of such a tax reduction measure. The answer is that the Democrats are simply engaging in obviously irresponsible politics.

If the Democrat's crystal ball is clouded, for every \$20 the taxpayer does not pay next year, the Government will have to borrow \$20, and that \$20 will someday have to be paid back with interest. In the meantime, increased Government borrowing increases inflationary pressures, with the cost of living going up and the value of the dollar going down.

Let us not be fooled by any such tax cuts that we will have to pay back with interest—just to get \$20 that can be largely absorbed by inflated prices and devalued dollars.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Chairman, last evening I had the pleasure and enjoyment of watching on television the press conference of the President of the United States. I believe that it is a most effective political weapon. I do not in any way begrudge it. I remember well the days of the so-called fireside chats also.

I was particularly interested in the answer to one of the questions which the President gave in that press conference. He stated that tax cuts which are made in anticipation that it will balance the budget are thoroughly justified and he intimated that the Republican tax cuts were of that nature.

We on the Democratic side, I believe, should be given some credit for believing also that the tax cut which we envision for the great mass of the small-income people of this country will do much to do exactly the same thing, by creating additional purchasing power without which business itself will not be able to function. It is upon that broad base that I think many of us are going to support

this measure which has been brought before us.

Now, I would like to call particular attention to the gentleman from Pennsylvania [Mr. SIMPSON], who was afraid that business would become so discouraged by this tax cut that it would fold up and we would have growing unemployment. I would like to call his attention particularly to some figures of the present time. For instance, with all the encouragement in the world that they have just received, business expenditures for new plants and equipment, which are wholly in the control of business, for the first quarter of 1955 have reached the lowest level since the third quarter of 1952. They are \$560 million below the fourth quarter of 1954, and they are \$1.43 billion below the same first quarter of 1954. What is this great confidence that we feel or we are told that the big business people feel they should have? Along the same line, on our figures for employment and unemployment, we find that employment in January of 1955 is 53,000 below the same month of January of 1953. In other words, with all this encouragement, we are still going downhill where, if we have a growing country, as we know we have, we have to go forward. What is the answer? The answer is to give something else, a stimulation to the purchasing power to the great mass of the people of this country, and that is what this Democratic proposal seeks to do, and I believe it will do it.

One last word. We have heard an awful lot today about responsibility and irresponsibility. I particularly, out in my district, ran on a platform of doing something in the way of giving tax cuts for the little people of the district, so the people were under no misapprehension whatsoever that when I came to Congress, if they elected me, I would be working for a chance to vote for exactly what I am going to get a chance to vote for here. And, I think we had better right now recognize that that is true. We are shaping up one of the great issues that will be fought in 1956, and I think I can state it fairly simply: To whom is the Republican Party responsible? And, to whom is the Democratic Party responsible? The Republican Party is now and always has been primarily responsible to those people that the gentleman from Pennsylvania was so interested in, the big business interests, the big corporations of this country. The Democratic Party has always been responsible to the great masses of the people of this country, and I, for one, am prepared to go out and help fight the campaign of 1956 on that issue of responsibility.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. ROGERS].

Mr. ROGERS of Texas. Mr. Chairman, I did not really intend to get into this debate, because I did not think there was going to be a fight on it. But, when there is a fight going on, I do like to get into it. The reason I did not think there would be a fight is because I thought that this bill was doing what the President of the United States asked this Congress to do on this floor in his state of the Union message. If you will

recall, he told us at that time that they anticipated cutting taxes in 1956. Now, that is exactly what this bill does. And, what has been done by this Congress is very simple. We have taken the suggestion of the President, and we are putting it into law so that he will not have an opportunity to be talked out of what he wants to do for the American people. When he said that he wanted to cut taxes in 1956 he was doing 1 of 2 things; he was either playing politics or he was sincere. I prefer to think that he was sincere. I prefer to think that any President of the United States is sincere in what he does.

Now what happens? Immediately after this bill was prepared and brought to the floor—really before that—the newspapers were filled with all kinds of castigating remarks—including some of those by the President—saying that it was fiscal irresponsibility. Well, who suggested it in the first place? He is the man who suggested it. And do you know why it was necessary for Congress to act? If it had not been for some past experiences, this bill probably would not even be on the floor. But you know what happened when the opportunity presented itself to carry out some campaign promises concerning 100 percent of parity that was promised to the American farmer in Minnesota, and several other places. The American people remembered that. They also remembered this, that there was some small print in there that said "At the market place." Of course, the farmers have not found that market place yet. The market place that they have had to go to has very low prices.

But the point that I am making is simply this, that what they wanted to do was to pinpoint this because they did not want to turn up here in 1956 and be told when they thought this was the year they were getting a tax reduction that what the President meant all the time was to give another tax reduction to the coupon clippers who got it last year.

The little people in this country want some relief. They want it on the books so that somebody can understand it. And when you talk to me about fiscal irresponsibility I want to say this: that if it is fiscal irresponsibility to give some tax relief to the overburdened little people of this country, this country could use a lot of it. The truth is it is not fiscal irresponsibility, but on the contrary absolute fiscal and intellectual responsibility.

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Texas. I yield.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Texas. I yield.

Mr. NICHOLSON. Does not the coupon clipper get \$20 under this bill?

Mr. ROGERS of Texas. He gets \$20 under this bill, he certainly does. And we do not begrudge it to him one minute. I think it is fine that he gets it. What we want to do is to be fair with everybody but we do not want the little people to believe that we are going to do something for them and then later on have them learn that we are doing it only for

a few and that we are saying, "Well, you just did not understand what we meant when we said taxes would be reduced. We were talking about the big boys not you little fellows."

If there has been any irresponsibility concerning this measure, it has not been fiscal, it has been vocal if not mental. When anybody says—and I do not care what office he holds or where he is from—when anybody says to me that I am fiscally irresponsible because I want to help a man to buy some shoes for his children's feet and some bread for their stomachs, I do not think he is being honest with himself or anyone else.

I shall never subscribe to the policy that substantial tax relief for a privileged few is "statesmanship" while meager tax relief for the many is fiscal irresponsibility.

Mr. COOPER. Mr. Chairman, I yield 8 minutes to the gentleman from New York [Mr. ZELENKO].

Mr. ZELENKO. Mr. Chairman, I rise in support of this measure. I believe, as the majority leader said, there are inequities in the Revenue Act of 1954 which must be corrected by this Congress. I do not intend to talk politically. I intend to talk factually. I shall base my remarks upon the actual wording of the Revenue Act of 1954.

I respectfully refer to section 462 of that act and the tremendous windfall it will give to big business for the tax year 1954. This effect, to put it mildly, was totally unexpected by the small taxpayer of the United States but perhaps not by his big business brother.

The average taxpayer, the little citizen, works on what is called a cash-receipt basis. He takes money in and he pays it out. The average businessman, above the level of the small-business man, works on what is called the accrual basis. What that means in my understanding is that it is not only the money he takes in, it is not only the money he pays out, upon which the records are kept, it is also what he expects to pay out and what he expects to take in.

Under the act as it was written last year every big-business man in this country is this year getting a double deduction, and I say that is a tax reduction. It is a tax forgiveness. It adds up to about \$5 billions. Here is the way it works, right from the act, and I will give it to you in small figures.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. ZELENKO. I yield.

Mr. BYRNES of Wisconsin. If this is an inequity, and if it contains all of the faults the gentleman suggests, it would seem to me that the proper approach would be for the committee to report out a provision repealing it, and not leave it on the books.

Mr. ZELENKO. Yes; I believe the committee should do that. However, I arose to bring it to the attention of the committee and the House because there has been so much said by the Republican Party about the 1954 Revenue Act not being a reduction act, that it was merely a revision act. I maintain it is a reduction act. The act is inequitable. Briefly, here is the way it works in simple figures.

A business house having an income of \$10,000 and expenses of \$2,000 before the enactment of this statute would have a taxable income of \$8,000. Under the act of 1954, this business can now estimate what its costs will be in the year 1955 in the way of expenses, at least what they were in 1954, another \$2,000, making a taxable income of not \$8,000 but \$6,000, keeping the extra \$2,000 in what is called "reserve," which just means the Government does not get it. The Government will never recoup that money because in 1956, if this statute remains on the books, the business house will again estimate its future expenses for 1957, and on and on forever, so that in this particular year of 1954 I say there are \$5 billions which the Government will never see because of some hocus pocus, high powered accounting which was written into the 1954 act. The average little man does not even understand the meaning of the word "accrual." So I say that in order to help rectify the inequity of the 1954 act this measure, H. R. 4259, should be passed to give a "cash-receipt" average citizen tax relief that he understands and needs.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. ZELENKO. I yield to the gentleman from Arkansas.

Mr. MILLS. The gentleman from New York is to be commended, in my opinion, for bringing this to the attention of the Committee of the Whole. During consideration of the bill before us on Monday I asked the Secretary of the Treasury if this had come to his attention and gave him a case I had read of in the local newspaper. He said it had not come to his attention. I suggested that it be investigated immediately by the Treasury and recommendation made if recommendation should be needed.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. ZELENKO. I yield.

Mr. BYRNES of Wisconsin. I think the gentleman from Arkansas would admit that certainly there was never any intention on the part of any Member on the Republican or Democratic side of the Committee on Ways and Means last year in the House of Representatives to permit a windfall to anybody from this section. It was only intended to put into practice good, sound accounting procedure.

Mr. MILLS. The gentleman from Wisconsin is correct. In fact, this provision was handed to the committee, as I understand, by the Treasury Department, as a device to improve bookkeeping. However, it is one of those things that perhaps had not been thoroughly considered. Certainly it merits further consideration by our committee.

Mr. BYRNES of Wisconsin. I would agree with the gentleman, but I think it is not fair to say that that bill was an inequitable bill and was devised as an inequitable bill and was considered as such because it contains this provision which, if the gentleman is correct, has had these effects.

Mr. ZELENKO. May I say that the effect of section 462 of the 1954 act now has every accountant in America worthy of his salt giving his clients the double deduction windfall. I add also that my constituency, each and every one, is in favor of the \$20 deduction except one constituent, the President of the United States. However, I say here and now, and respectfully, he is a minority of one in my district.

I urge the passage of H. R. 4259.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Louisiana [Mr. LONG].

Mr. LONG. Mr. Chairman, well, we are back here where we were last year. Last year we came here and they tried to make us believe they were helping the little fellow. I started in, if you remember, trying to get a \$1,000 exemption—to raise it from \$600 to \$1,000. That failed. Then we tried \$900 and that failed. We finally got down to asking for a \$700 exemption. These Members on my left to a man fought that bill, and I told you at that time there were going to be a lot of new faces here at this session of the Congress because you did not give the little fellow any tax relief—if you remember that. Now I am telling you there are going to be a lot more new faces in 1957.

I want to briefly give you a few figures on H. R. 8300. We have been hearing talk here all day that it did not help the big man any more than it helped the little man. I have just made a few simple figures which almost anybody can understand. In my district we have a lot of people who work with their hands and who earn \$3,000 and less. Take a man with a family who earns \$3,500 farming. He works with his hands 12 months in the year. His wife works, and all of his children work. They make \$3,500 in 12 months—if they do. His tax under this bill approximately is \$60. But take the man who uses 12 minutes of his time instead of 12 months. A man who clips coupons in the amount of \$3,500—his tax is in the neighborhood of \$20. Now have you helped the little man or have you helped the big man? Those are the facts. Let us go into this thing just a little bit. I was talking to my nephew back there a while ago. He gave me a little thought about this being a sort of Easter egg hunt for the big boy. You take this big bill. It has 875 pages. I am referring now to the bill, H. R. 8300. On every page you find help for the big taxpayer. On every page he turns, he finds a golden nugget which takes care of him. But, my friends, for the little fellow in the low brackets, you might just as well send him a Sears Roebuck catalog, which would do him more good than this bill, H. R. 8300, did for him. They say that this \$20 tax reduction will not do anybody any good, and that it is a phony. Well, you just do not give \$20 to the man. We are giving \$20 to the wife and we give \$20 for each child. You know, it might be an incentive for a fellow to have a few children in his home if you give him this \$20 tax reduction—a family of 5 would get \$100 reduction. That \$20—do not

worry about the phony part of it—you take it to the grocery store and they will give you groceries that you can take home which will fill the empty stomachs of your children. Do not worry about that. No, no, you know what this is. They say this is politics. You bet this is politics. H. R. 8300 was politics. That was Republican politics and it did not help the little man in this Nation. But now this is politics, too—this is Democratic politics that believes in filling the stomachs of the hungry people of America. While I admit that \$20 is very small, we did not do like the Republicans did; this \$20 goes to every man, woman, and dependent in this great Nation of ours. This will bolster the economy of this country and will put purchasing power in the hands of the people. This is an extra \$20 that all of us will have to spend. We do not hesitate to give relief to other nations when they are in need. Then why in all good reason should we not give relief at home? Let me repeat, the only thing wrong with this tax cut, it is not enough. We are just doing today what our Republican friends promised 2 years ago. Let us pass this bill and make them keep their promise.

Mr. REED of New York. Mr. Chairman, I yield 6 minutes to the gentleman from Iowa [Mr. JENSEN].

Mr. JENSEN. Mr. Chairman, I was amused at my good friend from Louisiana [Mr. LONG] pleading for the folks who made \$3,500 a year. I want to remind the gentleman that before his party came into power in 1932 and before we got into these past wars, the family that had an income of \$3,500 a year was completely exempted from any income tax.

I do not blame the Democrat leadership for trying to give back a few of the crumbs of the many thousands and thousands of dollars they have taken from the pockets of the poor people of America during the postwar years when they were in power. You are just trying to soothe a lot of folks who know just what you have done since 1932; back as far as 1917, when this Nation was thrown into World War I, and then in 1941 we were thrown into World War II, and then in 1951 when the President sent our boys to Korea without even glancing at the representatives of the people, the Congress of the United States, and because of those wars and wasted billions you raised Federal taxes 19 times. So as I said before, I do not blame you for trying to soothe the folks a little bit by giving them just a few crumbs of all the thousands you have taken away from them. You have raised Federal taxes from 4 percent of the people's income in the last 18 years you were in power, to 24 percent when the Republican 80th Congress came into power. That is 20 percent on every thousand-dollar income or \$200 on every thousand-dollar income. True, most of it is hidden taxes. The family making \$3,500 annually paid in the neighborhood of \$870 in Federal income tax before the Republicans reduced their taxes.

Mr. LONG. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. Yes, I yield if you want to straighten yourself out.

Mr. LONG. The gentleman a few moments ago referred to taxes that the Democrats put on. I would just like to go back a little and do a little reminiscing. I am pretty old myself. Do you remember the days of Herbert Hoover when men walked the highways and byways begging for bread? Do you remember that shortly after that time Franklin D. Roosevelt came into power and you had some prosperity?

Mr. JENSEN. If you want to go back I can remember when your party gave 12 million people employment in military uniforms. Are you proud of that?

Now, who benefited by the tax reduction that the Republicans put into effect in 1947 and 1948, and in 1951 and 1952? We Republicans reduced taxes to the tune of over \$12 billion, and our expert economic analysts tell us that the ultimate consumer pays all of the taxes in the final analysis and that 64 percent of the American people make less than \$5,000 a year. So because of the fact that the ultimate consumer pays all of the taxes, the people whose income is \$5,000 or less received 64 percent of the savings of reduced taxes passed by the Republicans, because they represent 64 percent of our total population.

The American people are just now feeling and enjoying the effects of the Republican tax reduction program. No wonder the Democrats want to get into the act. You cannot blame them for trying.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. BASS].

Mr. BASS of Tennessee. Mr. Chairman, it gives me a great deal of pleasure to have the opportunity of coming on the floor today and speaking in behalf of a measure which I recommended strongly during my last campaign, a tax reduction bill. The leader of the opposing party, the President of the United States, extended the springboard for the attack on this bill a few days ago when he used the word "irresponsible." I notice that his followers here today have used it many, many times.

I tell you their true objection to this bill, Mr. Chairman, is not the fact that it is irresponsible, but the fact that it is "ir-Republican." It is "ir-Republican" because it was conceived by men who are leaders in the Democratic Party, men who have served long and faithfully and eminently in the party of all the people of the United States, the Democratic Party.

It is also "ir-Republican" because it serves to give some relief to the low-income people of America whom the other party has used only for the purpose of exploiting their meager existence throughout the years instead of making them real independent citizens.

The Republican leaders come here today and say that the Congress of the United States is using poor judgment in considering a tax cut that has not been

recommended by the President of the United States. In effect they say this is not the responsibility of the Congress of the United States. I would like to refer my friends to section 8 of that great book, which was conceived and written by the men of wisdom and foresight, our forefathers of many generations ago, the Constitution of the United States. Yes, in section 8 you will find that it is the power and the responsibility of this body to propose and levy taxes and to raise the revenue by which we run our Government.

They say that this tax is unwise and irresponsible because it comes a year before it is to become effective. As far as I am concerned the average family head in America likes to know before he starts planning his budget exactly what his financial situation is going to be for the next 12 months. Sure, I would like to know every year on January 1 just exactly how much money I am going to have to have in my family budget throughout the year, and I feel that every citizen of America should also have that privilege.

Mr. HOSMER. Mr. Chairman, will the gentleman yield?

Mr. BASS of Tennessee. Yes; I shall be pleased to yield.

Mr. HOSMER. Do you know whether or not this proposal would have an inflationary effect on the economy?

Mr. BASS of Tennessee. I will get to that; I will be glad to answer the gentleman's question.

Talking about inflation, the economy of this Nation is based on the ability of its citizens to earn and spend money; if we do not have money in circulation at all levels the economy of this Nation is certainly at very low ebb.

Mr. HOSMER. I understand that, but if this bill should result in a rise in price of merely 1 cent on each of six necessary items that any family in this country is going to have to buy, then that \$20 relief is going to cause the expenditure of \$21.90, leaving a man \$1.90 worse off than when he started.

Mr. BASS of Tennessee. But the gentleman forgets that we are going to put \$2,100,000,000 more money into circulation. This money will be placed in the hands of low-income people who will spend it. I have always been of the opinion that an income tax should be paid out of the surplus income. I believe there is enough surplus income in America to pay the tax burden. When you tax a man with one child who is making only \$1,800 a year you tax him on money which is needed for the bare necessities of life. When you tax the man who is making \$10,000 a year, the \$20 you are taxing represents only a small percentage of his income when you base it on the surplus amount of income made by the wage earner, in comparison.

Mr. Chairman, it is a pleasure for me to have this opportunity to endorse and support the \$20 refund or tax exemption which is given to the taxpayers. I recommended to my people in Tennessee before I came to Congress that I would support legislation raising the personal exemption of the individual taxpayer.

This is even better than that. It gives relief to the small wage earner but does not take as much from the Treasury. I support this bill more vigorously than I would the other plan because in proportion of the tax paid it gives greater relief to the low-income people of America.

Mr. REED of New York. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am sure that the chairman of the Ways and Means Committee will agree with me in the statement I am about to make. We are both proud of the fact that we serve on the Committee on Ways and Means. I am proud of that fact and I am also proud of the fact that I had the opportunity of serving for a short time as chairman of what I consider after all to be the greatest committee in the House of Representatives. I believe that both the present chairman and myself would like to do everything within our power to uphold the prestige of that committee and to follow orderly procedure. We cannot afford to sacrifice that committee.

If you will look over the chairmen who have served that committee in the past, not including myself, you will find that they have been men of outstanding capacity and that they have gone on to much higher positions later. The committee should be proud of that fact.

We want the people of this country to respect the committee and to feel that they are safe in the hands of the committee so far as taxation is concerned. Somebody said here that the power to tax is the power to destroy. Of course, that is true. The fact is that each person on the floor is responsible for the prestige of a committee like this.

We are facing a serious proposition and I cannot believe that our distinguished chairman of the Ways and Means Committee at the present time fully approved of this method to try to take us by surprise. In all the years I have been here, nothing like this has ever happened before. I am not going to characterize it at all. I just want to leave it in the thoughts of the Members.

Mr. Chairman, we should handle legislation as it should be handled. It should not be handled in this way. It is not fair, it is not just, and all it will do is to reduce the prestige of this great committee before the country. The thing we better do is to think about that seriously at this time.

There has been some criticism here of the 83d Congress. Do not try to tell the people of the country that they received no benefits from that Congress. Every segment of the population has received benefits. You cannot lift a great tax burden of \$7,400,000,000 off the people without stimulating interest in those things that helped every man and woman. If you will go through that bill you will see the benefits that have been given, clear down to the babysitter. I am receiving letters on this every day, even in reference to what we have done for the colleges and institutions of the country.

You say that this does not have any effect on the matter of inflation. Do you know that the heads of some of these insurance companies have been to me and that they are on the point of notifying their policyholders what it means to their policyholders, and I refer to loan associations and institutions of that kind. They are all going to be affected adversely by this. You are not going to give the people any benefits by this proposal here. So, I hope you will think it over tonight and take this matter as seriously as it should be done. We have had a great display here. I have enjoyed it very much. I have not taken very much part in it, but I have enjoyed it, except for one thing. I just do not like to see our great committee dragged into the low level which it is possible to do if we demagog on a thing of this kind.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Indiana.

Mr. HALLECK. I want to commend the gentleman for his fine attitude and say just this: He was the author of the tax-revision bill in the last Congress. He worked at it very diligently. So far as I could discover, except for a very few items about which there was dispute, I understood that both the Republican and Democratic members of the Committee on Ways and Means approved of the bill. There were differences about some provisions, but on the whole there was approval of those provisions. And, it must on the whole have been a pretty good bill because 339 voted for it on passage and only 80 against it. I do not know on which side the gentleman from Louisiana voted, but in any event, if he was one of the 80, he was in a very heavy minority, because a majority of 339 went ahead and voted for the bill.

Mr. REED of New York. I thank the gentleman. I do not think any member of the Committee on Ways and Means on the Democratic side of this House will say that I have not given credit to the whole committee for the work that was done on that important bill, the first revision of consequence since 1875. I received long-distance telephone calls from California and from almost every State of the Union, from outstanding attorneys, saying that they were for the bill because they could not advise their clients on any kind of a transaction because the laws were so confused by reason of regulations, conflicting court decisions, and other reasons. So, this bill was built up in the interest of this Nation.

And, what is more, I have checked to see how many criticisms were coming in on that bill, and outside of a few clerical provisions, and voices heard without anything more to support them than a newspaper article, there have been very few criticisms—less than 100—coming to the Joint Committee on Taxation, which has taken an active part in the bill.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. GRAY].

Mr. GRAY. Mr. Chairman, being a new Member of this great body and especially since being the youngest, I have tried to be a good listener. I must rise, however, and voice my opinion on this measure to reduce individual taxes.

I have heard a great deal of talk thus far about balancing the budget, about reducing our national debt, and establishing our economy on a sound and firm foundation.

Mr. Chairman, I think it is way past due for the present administration to talk about balancing the human budget instead of the monetary budget. Since the present administration seems reluctant to do so and acts so aggravated when the topic is brought up, I believe it is up to this Congress to take the initiative in getting something actually accomplished which will help the plain, ordinary, non-coupon-clipping citizen. In all this talk about balancing budgets, let us look at the human budget. In my district of southern Illinois there are over 30,000 people out of work, walking the streets looking for a job; despite all the high-flown phrases that the party in power puts out concerning rapid decreases in unemployment, where I come from there is more unemployed today than there was last week, there was more last week than last month, and a great deal more unemployment last year than the year before it. Now, I am sure that \$20 may not sound like a lot of money to some people, but it means a whole lot to those people in southern Illinois and everywhere in our Nation who can only pick up a few dollars from whatever job they can find from time to time.

In all this talk about reducing debts, let us again look at the human factor. I do not think, Mr. Chairman, that this administration realizes, knows, or understands that we have distressed areas in these United States, or else it simply is not interested. If it were interested, it would realize that \$20 means a lot to a head of a family who has to go and borrow money to buy food to supplement the food relief he is now on so his children can be fed. In southern Illinois we have over 24,000 families on Government surplus food relief and \$20 for each tax exemption would go a long way toward buying a few pairs of shoes for children or pay the book rental at school and many other things necessary in raising a family.

In all this talk about firm foundations for our national economy, let us not forget the average American family, the very foundation of our national life. To most of them, \$20 means a lot; it means an awful lot to most families in southern Illinois.

It is high time that something was done for the people in those areas of our country who are right now living in a fearful depression. It is high time that the wage earners, the workingmen and farmers had action demonstrated to them instead of all those promises, platitudes, and talk, talk, talk from the White House and the administration about forward-looking programs, leveling-off of the economy that has been going on for these last 2 years. Something must be

done, Mr. Chairman, and it certainly looks like it will have to be up to this Congress to have any action accomplished.

I realize that what this bill will accomplish is not a great deal compared to the magnitude of the problem; but it will be the first step in the right direction of actually doing something for our people in distressed areas here in the United States. Mr. Chairman, a 1,000-mile trip is started with the first step. Let us make the first step toward giving our people that break they deserve by passing this \$20 tax-reduction bill.

Mr. REED of New York. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. McDONOUGH].

Mr. McDONOUGH. Mr. Chairman, I ask unanimous consent to extend by remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. McDONOUGH. Mr. Chairman, I have a strong and impelling desire to support and vote for a reduction in taxes which will legitimately relieve the taxpayer of the heavy burden he is now carrying when I am sure that the tax reduction I vote for will not reduce the purchasing power of his dollar, will not increase the present deficit in the budget, and will not increase his obligation to paying off the public debt.

I voted for a tax reduction in the 80th Congress, which proved to be the wise and proper thing to do at that time, because the revenues we took in the form of taxes from the people not only balanced the budget, but left an \$8 billion surplus and paid off \$6 billion of the public debt.

I voted for a tax reduction in the 83d Congress which brought relief to every taxpayer in the Nation amounting to \$3,200,000,000, and when we were able to reduce the deficit in the budget from \$9.4 billion to \$2.4 billion, or a total reduction in the deficit of \$7 billion.

The proposal before us, H. R. 4259, instead of reducing the present deficit will increase the present deficit by \$1 billion. It has been said that the present bill will provide a \$20 tax credit to each taxpayer and his dependents. The truth of the matter is that it will add an obligation of \$15 for each taxpayer and his dependents to the national debt. In other words, instead of stabilizing the taxpayers' dollar, the passage of this bill will actually depreciate the purchasing power of the taxpayer's dollar and furthermore increase the present budget deficit by \$1 billion, which the taxpayer must pay interest upon.

In my opinion the proposal contained in H. R. 4259 is purely a political move by this Democratic-controlled Congress to give the impression to the average income-tax payer throughout the Nation that he will benefit by the passage of this bill while, in fact, it will add to the monetary burden of the average taxpayer to pay off the increase this will place on the national debt and the increase it will place on the budget deficit.

My public record on supporting, voting, and advocating a reduction in taxes is well known over the years. As a member of the Los Angeles County Board of Supervisors before coming to Congress, I fought for and obtained a reduction in taxes on more than one occasion. I have consistently voted against appropriations which I believed to be surplus and unnecessary in order to reduce the tax burden on the taxpayer.

I have, as I previously stated, voted in the 80th Congress and in the 83d Congress to reduce the burden on the taxpayer by reducing his income taxes, but I do not propose to deceive him into believing that this bill will reduce his taxes when it will actually increase his burden, depreciate the purchasing power of his dollar, and add an additional burden on himself and his children for years to come by increasing the public debt.

The people of the Nation should realize that this bill will not take effect until January 1, 1956, and that its full effect will not be realized until January 1, 1957.

I believe we should wait until we know what our actual budget expenditures will be for the next fiscal year, and I am confident that during the next session of Congress when we know what our budget obligations are, a legitimate, honest, and beneficial tax reduction will be proposed and passed by the 84th Congress which I will be glad to support.

We must do everything possible to stabilize the purchasing power of the dollar, reduce deficit spending, and, if possible, pay off all we can on the national debt rather than to do the reverse in all of these essential things which this bill would bring about.

I am confident the public fully realize that this bill, H. R. 4259, is purely a political move and is a very unsound and unsafe fiscal policy to pursue.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. SISK].

Mr. SISK. Mr. Chairman, we have heard a lot of discussion this afternoon about whether or not this proposed reduction in income taxes will benefit the smaller taxpayer, who is the hardest hit by his intolerable tax burden, and who is the least able to pay. Let us look at it percentagewise. A family of 4—husband and wife and 2 children—receiving a net income of \$4,000 after deductions but before exemptions, pays now under the Republican tax act, a total of \$320 in direct Federal taxes out of this meager income. Under the proposal now before us this same family will pay only \$240, which is a reduction of 25 percent. Now take a family of the same size with a net income of \$10,000. This family's taxes will be reduced from \$1,592 to \$1,512, which is only 6 percent. Certainly it is clear that those who need it most will benefit most under this bill—rather than the Republican principle of 1954, designed to benefit most those who need it least.

I am strongly unmoved by the crocodile tears and cries of irresponsibility raised about this measure, designed par-

ticularly to help the 5 million families who are hurt worst in the squeeze between rising costs and rising taxes. I recall the cries of glee and triumph, the trumpeting through the press that followed tax reductions for the privileged few, which were then considered the height of responsibility even though they too were thrown into the face of an unbalanced budget.

I came on this floor this afternoon prepared to offer an amendment which would have increased the revenue of the United States Treasury by repealing some of the special tax privileges granted last year by the 83d Congress. As you know, I may not under the rule now offer that amendment to that bill, but may I suggest to the Members that if they are concerned about the effect on revenue of this proposal to help out the little fellow, the way is open to them to realize more than an equivalent of any taxes lost by this measure through repealing of the special tax advantages contained in the Internal Revenue Act of 1954 and I will be happy to help any Member locate and repeal those advantages.

I have a further word to say regarding the economic result of this tax reduction proposal. Let us apply it in my own medium-sized community of Fresno, Calif., where we have a metropolitan population of about 160,000 persons. A \$20 tax reduction for each will mean that \$3,200,000 additional will be available for spending in that community each year. It means that more goods and services will be purchased, that merchants will do more business and that employment will be increased. It will be a shot in the arm in an economy which is largely dependent upon agricultural prosperity, which I am sorry to say has been woefully lacking under the administration's and Secretary Benson's "wipe out the farmers" program.

We have our chance today to at least partly bring our tax program back into balance and in some measure equalize the tax advantages handed our wealthy friends by the administration last year. I not only urge this proposal, but serve notice I intend to explore further the possibility of bringing more responsibility back into our tax setup on behalf of those least able to pay the bill.

Mr. KELLEY of Pennsylvania. Mr. Chairman, my keen interest today—and last year—was and is in effecting tax relief for the low-income group. Last year relief was accorded to the well-to-do and a mere trickle was given to the low-income group—one might even say to the poor, because many of these low-income people were actually poor. The injustice perpetrated was acutely felt, and the paramount interest today given to these people does not compensate for the benefits to which they were entitled last year, and did not receive.

It is justice to take care of them now. All the arguments about balancing the budget, high patriotism of the people who made \$5,000 or less—all this is beside the point. Of course these matters should be considered but not to the expense of the millions affected.

Mr. Chairman, I am compelled to support this measure to the utmost. It is a matter of conscience with me as it is to many of my colleagues on this side of the aisle. I repeat it is social justice and these people are entitled to this consideration.

If this is irresponsibility, then make the most of it.

Mr. VORYS. Mr. Chairman, I am concerned today, not so much by this ill-conceived political \$20 tax cut proposal which I feel is bound to fail, as by the continued extension of the excise and corporation taxes which is bound to pass. Under present conditions, I am of course voting against the tax cut, and in favor of the extension of the other taxes. But I had hoped that, by this time, we could eliminate these nuisance taxes and this abnormal corporate income tax. These taxes are ultimately paid by everybody, because excise taxes, sales taxes, are paid by consumers and corporations must pass on their taxes to buyers of their products, or go bankrupt. As Franklin D. Roosevelt truthfully said "taxes are paid by the sweat of everyone who toils." Let us stop talking about the little man and the big man today. Both of them are included in the \$20 political gesture that will fail; both of them are hit by the taxes that will pass.

Why do we still need these taxes? Why are we still on an unbalanced budget, after cutting our spending \$63 billion in 2 years? The answer is that our defense, our protection, takes two-thirds of our spending. The remaining one-third that we spend on our own peaceful pursuits cannot be cut enough to balance the budget and justify a tax reduction. Previous Democratic administrations must bear their full share of responsibility for mistakes that contributed to this situation but, regardless of the past, it is the present, continuing, grim and deadly threat of communism that is responsible for most of our spending, for our high taxes that cannot now be cut.

As we debate here today there is going on in Bangkok, Thailand, a conference of the SEATO powers, the eight nations that joined at Manila is forming the Southeast Asia Treaty Organization. Our statesmen are leading in the effort to put life and vigor into that eight-power treaty, under conditions that are being made as difficult as possible by our enemies. Some of our friends are not being too helpful. Success out there will contribute eventually to lasting peace, a reduction of our defense burden and ultimate safe tax reduction. What happens at Bangkok will affect our budget. What happens here today may affect the outcome at Bangkok. Not just what we do alone, but what the free world does together, will meet the Soviet threat in a way to justify safe tax reduction here.

In view of the momentous nature of the Bangkok meeting, in view of the vicious and insidious enemy propaganda aimed at that meeting, and in view of some statements made here in recent days that may be misunderstood out

there, I made a statement today over the Voice of America. I think it may be helpful to quote it to the House in connection with this debate. Here it is:

In the opening session of the Bangkok conference, Mr. Dulles declared once more our American policy of independence laid down in our Declaration of Independence, in the United Nations Charter and in the Pacific Charter. He reminded the nations of Asia that we believed, as Lincoln said, that this principle was not only for Americans, but for all people, for all future time. He said that to us this means that equal opportunity for all peoples shall not be hampered by geography, race, or creed.

On Thursday Mr. Dulles stressed the interdependence of nations that would remain free, and told of the mighty power of the United States assembled and committed in Asia to back up the power of the Asian countries uniting in their common defense against their common foe.

The American people are firmly behind their great Secretary of State in his masterful statements on independence and interdependence, freedom and unity. There is no confusion here as to what the Congress and the people want and expect their Government to do when free men in Asia join in defense against Communist aggression. We know, as Mr. Dulles says, that "freedom cannot thrive in an environment that is hostile to freedom."

Our goal, as he said, is "peace and freedom" for Asia, for ourselves. We know we cannot buy peace for ourselves by bargaining away territory we do not own, trading off the freedom of other men. We are ready and determined to take the steps necessary for the common defense of united free men.

Mr. GENTRY. Mr. Chairman, the proposal today contains two provisions. One of these provisions concerns the retention of Federal excise and corporate taxes, which will be reduced by operation of law unless action is taken by Congress to extend them. I strongly favor this provision of the bill. The condition of our Treasury makes necessary the retention of these corporate and excise taxes at the present rates.

The second provision of the bill would give each taxpayer a credit on his income tax of \$20 for himself and \$20 for each dependent. It would remove 5 million taxpayers from the tax rolls and it would reduce our yearly tax collections \$2.1 billion. Both our yearly deficit and our Government debt would be increased by that amount because we already have a deficit. This provision would not go into effect at any time during 1955 but would affect taxes for 1956 and beyond.

Identically the same people who urge the second provision of this bill were just as strongly 1 year ago urging that each taxpayer be given an increased income exemption at that time of \$100 for himself and each dependent. That bill would also have removed 5 million taxpayers from the tax rolls and would have cost the Treasury approximately \$2 billion in revenue yearly. Everyone knows that it would have been the finest politics imaginable to have supported the bill of 1 year ago and that those of us who did not were made to suffer for it at election time, as we knew we would be. The bill was defeated, however, but by a majority of only four votes.

Has it now been proven that we were right when we opposed that measure and that the proponents were wrong? I believe it has been. The record now shows that every dollar of that tax reduction would have had to be replaced by borrowed money which would have increased the Government's debt. But, actually the proponents of the present \$20 provision confirm the unsoundness of their exemption increase proposal of 1 year ago. How do they do that? They do it by admitting that the present proposal should not be made effective as of January 1, 1955, by admitting that it should not be made effective even on July 1, 1955—the beginning of the next fiscal year—and by not even claiming that it should be made effective before January 1, 1956. That is almost a year hence and it is actually 18 months later than the July 1, 1954, effective date of their proposal of a year ago.

There is one thing that this proposal does not disclose but which is just as true as is the statement that the effort to pass a \$100 increased exemption 1 year ago was unsound. That is, that if those who supported the increased exemption last year, and those who are supporting the \$20 credit today continue to vote on money measures, as most of them have constantly voted in this House since I have been a Member of Congress, we shall not be able to reduce taxes this year, next year, nor any other year.

It does seem that there is irony in the fact that those of us here who support economy in an effort to try to make possible the increase of income exemptions and a reduction of taxes must oppose, out of a sense of fiscal responsibility, the unwise tax-cut efforts by the very ones who, by their consistent voting for more and greater expenditures, would make any tax reduction an absolute impossibility.

Mr. Chairman, I strongly favor lower taxes because I believe the people are entitled to lower taxes. I have consistently voted to decrease expenditures in order that we might safely and responsibly reduce taxes. I know of no other way we can justify voting lower taxes except by first reducing expenditures.

I am in favor of an increased exemption for income-tax purposes because I think the people are entitled to that. And, in consistently voting for lower expenditures, I have had in mind that it would make possible an increase in the exemption now allowed income-tax payers.

Mr. Chairman, to reduce taxes and thereby make necessary additional budget deficits and additional public debt which would be passed on to the children and grandchildren of this generation, is unthinkable. My sense of public duty impels my decision to oppose such an effort.

Mr. REUSS. Mr. Chairman, at his press conference yesterday, the President called the action of the Democratic leadership in asking for a \$20 across-the-board tax cut fiscal irresponsibility.

Is it fiscal irresponsibility to do something this year which will help primarily low-income taxpayers, after last year's

\$7.4 billion tax cut, of which taxpayers receiving income less than \$5,000 a year got only 9 percent of the benefits with the other 91 percent going to corporations and high-income taxpayers?

Is it fiscal irresponsibility to help the man with the large family struggling to keep up his mortgage payments and buy baby shoes, by giving him a tax break based upon the number of his dependents?

Is it fiscal irresponsibility to give purchasing power to those who need it most, who will use it to buy goods that will cause our factories to put up the "help wanted" signs once again and start putting some of our 4 million unemployed back to work?

Is it fiscal irresponsibility to advocate a tax cut for the fiscal year 1956 which will produce a deficit of only 3.2 million, when the President cheerfully backed a \$7.4 billion tax cut for the big fellow last year which produced an actual 1955 fiscal year deficit of \$4.5 billion?

The President has said he is interested in a balanced budget. So am I. If he wants to balance the budget for 1956, or come very close to it, let him send up here a bill to raise the revenues by closing some of the more outrageous loopholes in our present tax structure—depletion allowance, family partnerships, gaps in the gift tax and many another. Let him defy the interests which profit by these loopholes and which up to now have held such a firm mortgage on the White House.

I will pledge to the President that I will stand faithfully by him in any sincere attempt he will make to rally the Republicans in Congress toward balancing the budget by taxing those able to pay.

I will go along just as faithfully as I did last week when I listened to the distinguished gentleman from Massachusetts the minority leader [Mr. MARTIN], tell us that the President was asking his friends on the Hill to back him by opposing the recommitment of H. R. 1, the Trade Agreements Extension Act.

Mr. COOPER. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PRIEST, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 4259) to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates, and to provide a \$20 credit against the individual income tax for each personal exemption, had come to no resolution thereon.

#### THE FEDERAL VOTING ASSISTANCE ACT OF 1955

Mr. BURLESON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 4048) to permit and assist Federal personnel, including members of the Armed Forces, and their families, to exercise their voting franchise, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. HALLECK. Reserving the right to object, Mr. Speaker, and I shall not object, as far as I know the measure now before us has been reported by the Committee on House Administration without any dissension. I see the gentleman from Iowa is here. I do not know of any reason why the measure cannot be passed by unanimous consent.

Mr. LECOMPTE. Reserving the right to object, Mr. Speaker, I think I can say frankly to the House that H. R. 4048 is a bill that was reintroduced as a clean bill after a previous bill had been considered and was found objectionable in some particulars. I believe all of the objections were removed. I believe there is no part of H. R. 4048 that is mandatory or compels any action. It does invite all of the States to make arrangements to participate in the voting by men in the armed services, men in the merchant marine, civilian employees in foreign countries, and religious groups abroad, by utilizing free air mail service.

That is all there is in the bill H. R. 4048. It is not mandatory in any respect. It is important that it be passed at this time for the reason that action is necessary by the legislatures of some States. Most of the legislatures of the States are now in session, but perhaps will not be in session soon. As far as I am concerned, I should think that this bill could pass by unanimous consent.

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. O'NEILL. Mr. Speaker, H. R. 4048 has been reported out of the Committee on House Administration with amendments.

Basically, Mr. Speaker, H. R. 4048 would repeal certain provisions of the United States Code relating to the method of voting by land and naval forces and affiliated personnel who are absent from their place of residence.

In place of the existing statutes, H. R. 4048 would provide a formal congressional recommendation to the States to provide a framework through which the armed services and other dislocated personnel might exercise their voting franchise notwithstanding absence due to Federal employment or other occupations specified in the bill.

H. R. 4048 would repeal an act passed by Congress September 16, 1942, that in time of war no member of the Armed Forces shall be denied the right to vote by virtue of failing to comply with registration and other requirements usually applicable to State voter qualifications. H. R. 4048 proposes to leave to the States their historic and constitutional privilege of determining certain voting qualifications.

H. R. 4048 urges the States to cooperate with the plans set up in title II as far as disseminating election infor-

mation and ballots. The bill also recommends extension of the franchise to civilian employees of the United States serving outside the territorial limits of the States. This title would also recommend the extension of the franchise to the wives of members of the Armed Forces, wives of members of the merchant marine, and wives of civilians outside of the United States officially attached to and serving with the Armed Forces.

Title II of H. R. 4048 would authorize the President to designate the head of any executive department to act as the representative of the executive branch to coordinate and facilitate the actions to be performed by the Federal branch in this matter.

The report anticipates that the President would appoint the Secretary of Defense, in all probability, to coordinate the Federal activities in this field, since the Department of Defense has more personnel away from voting residence than any other department.

Mr. Speaker, it was brought out during the hearing before the Committee on Rules that action should be taken on this bill just as soon as possible during these first few months of 1955 and unless action is taken before the State legislatures adjourn, the machinery cannot be adopted by the States, if they so desire to adopt the recommended voting machinery, in time for the next general election. In view of this I sincerely hope that the House will vote to adopt House Resolution 149, and that we will then proceed to the consideration of the bill H. R. 4048.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. BURLESON]?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That this act may be cited as "The Federal Voting Assistance Act of 1955."

#### TITLE I

##### *Recommendations of the Congress to the several States*

SEC. 101. The Congress hereby expresses itself as favoring, and recommends that the several States take, immediate legislative or administrative action to enable every person in any of the following categories who is absent from the place of his voting residence to vote by absentee ballot in any primary, special, or general election held in his election district or precinct, if he is otherwise eligible to vote in that election:

(1) Members of the Armed Forces while in the active service, and their spouses and dependents.

(2) Members of the merchant marine of the United States, and their spouses and dependents.

(3) Civilian employees of the United States in all categories serving outside the territorial limits of the several States of the United States and the District of Columbia and their spouses and dependents when residing with or accompanying them, whether or not the employee is subject to the civil-service laws and the Classification Act of 1949, and whether or not paid from funds appropriated by the Congress.

(4) Members of religious groups or welfare agencies assisting members of the Armed Forces, who are officially attached to and serving with the Armed Forces, and their spouses and dependents.

SEC. 102. To afford ample opportunity for persons covered by section 101 of this act to vote for Federal, State, and local officials and to use the absentee balloting procedures to the greatest extent possible, it is recommended that each of the several States—

(1) accept as applications for absentee ballots under such States' absentee balloting laws, as applications for registration under such States' election laws, and as sources of information to implement State absentee balloting laws, the form of post card (when duly executed by a person covered by section 101 of this act) provided pursuant to this act;

(2) waive registration of persons covered by section 101 of this act, who, by reason of their service, have been deprived of an opportunity to register;

(3) accept the post card application provided pursuant to this act as a simultaneous application for registration and for ballot;

(4) if a special application is required for registration by mail, provide that the necessary forms will be sent with the absentee ballot and may be returned with it;

(5) make provision for persons eligible to register and qualified to vote, who have been honorably discharged from the Armed Forces, or have terminated their service or employment, too late to register at the time when, and at the place where, registration is required to vote at the election next ensuing after such discharge or termination;

(6) authorize and instruct the State or local election officials, upon receipt of the post card application provided pursuant to this act, to mail immediately to the applicant a ballot, instructions for voting and returning the ballot, and a self-addressed envelope;

(7) provide that there be printed across the face of each envelope in which a ballot is sent two parallel horizontal red bars, each one-quarter inch wide, extending from one side of the envelope to the other side, with an intervening space of one-quarter inch, the top bar to be 1/4 inches from the top of the envelope, and with the words "Official Election Balloting Material—via Air Mail," or similar language, between the bars; that there be printed in the upper right corner of each such envelope, in a box, the words "Free of U. S. Postage, Including Air Mail"; that all printing on the face of each such envelope be in red; and that there be printed in red in the upper left corner of each State ballot envelope an appropriate inscription or blanks for return address of sender;

(8) provide that the gummed flap of the State envelope supplied for the return of the ballot be separated by a wax paper or other appropriate protective insert from the remaining balloting material and that there be included in State voting instructions a procedure to be followed by absentee voters, such as notation of the facts on the back of the envelope duly signed by the voter and witnessing officer, in instances of adhesion of the balloting material;

(9) reduce in size and weight of paper, as much as possible, envelopes, ballots, and instructions for voting procedure;

(10) for the purposes of this act, authorized oaths required by State law to be administered and attested by any commissioned officer in the active service of the Armed Forces, or any member of the merchant marine of the United States designated for this purpose by the Secretary of Commerce, or any civilian official empowered by State or Federal law to administer oaths;

(11) include in State voting instructions express information concerning the type or types of writing instruments which may be used to mark the absentee ballot, preferably pen or indelible pencil; and

(12) provide that absentee ballots will be available for mailing to the applicant not later than 45 days before the last date on which such ballot will be counted.

SEC. 103. It is recommended that each of the several States make available to the officer designated by the President under section 201 of this act appropriate statistical data to assist him in compiling comprehensive information of operations under this act.

TITLE II

Federal responsibilities

SEC. 201. The President is hereby authorized to designate, with provision for redelegation, the head (hereinafter referred to as the Presidential designee) of any executive department or agency to coordinate and facilitate such actions as may be required to discharge Federal responsibilities under this act.

SEC. 202. The Presidential designee shall request, annually or more often when appropriate, each State to furnish him with current absentee voting information for such State. Such information shall include election dates, officers to be elected, constitutional amendments, and other proposals to be voted on, absentee registration and voting procedures, and other relevant data.

SEC. 203. All Government officials shall, to the extent practicable and compatible with their primary responsibilities, cooperate with the Presidential designee in carrying out the purposes of this act.

(1) the Attorney General to cooperate and advise with the Council of State Governments in the formulation of drafts of State legislation designed to implement the recommendations for State action contained in this act;

(2) the Administrator of General Services to cause to be printed and distributed post cards for use in accordance with the provisions of this act. Such post cards shall, wherever practicable and compatible with other operations, be made available by the department or agency concerned to persons to whom this act is applicable for use at any general election at which electors for President and Vice President or Senators and Representatives are to be voted for.

sons for use in other general, primary, and special elections; and

(3) the Postmaster General and the heads of the departments and agencies concerned, where practicable and compatible with their operations, to facilitate the transmission of balloting material to and from persons to whom this act is applicable.

from other forms of mail and placed in special bags marked with special tags printed and distributed by the Postmaster General for this purpose.

SEC. 204. The form of the Federal post card application shall be as follows:

(a) The cards shall be 9 1/2 by 4 1/2 inches in size and shall be printed on "U. S. postal card paper, 188 pound, cream."

(b) Upon one side, perpendicular to the long dimension of the card, there shall be printed in black type the following:

FILL OUT BOTH SIDES OF CARD

POST CARD APPLICATION FOR ABSENTEE BALLOT

State or Commonwealth of \_\_\_\_\_ (Fill in name of State or Commonwealth)

(1) I hereby request an absentee ballot to vote in the coming election: (GENERAL) (PRIMARY)\* (SPECIAL) ELECTION (Strike out inapplicable words)

(2) \*If a ballot is requested for a primary election, print your political party affiliation or preference in this box: (If primary election is secret in your State, do not answer)

(3) I am a citizen of the United States, eligible to vote in above State, and am: a. A member of the Armed Forces of the United States

b. A member of the Merchant Marine of the United States

c. A member of a religious or welfare organization assisting servicemen

d. A civilian employed by the United States Government outside the United States (continental)

e. A spouse or dependent of a person listed in (a), (b), or (c) above

f. A spouse or dependent residing with a person described in (d) above

(4) I was born on \_\_\_\_\_ (Day) (Month) (Year)

(5) For \_\_\_\_\_ years preceding the above election my home (not military) residence in the above State has been: \_\_\_\_\_ (Street and number or rural route, etc.)

The voting precinct or election district for this residence is \_\_\_\_\_ (Enter if known)

(6) Remarks: \_\_\_\_\_

(7) Mail my ballot to the following official address: \_\_\_\_\_ (Unit (Co., Sq., Trp., Bn., etc.), Governmental Agency, or Office)

\_\_\_\_\_ (Military Base, Station, Camp, Post, Ship, Airfield, etc.)

\_\_\_\_\_ (Street No., APO or FPO No.)

\_\_\_\_\_ (City, Postal Zone, and State)

(8) I am NOT requesting a ballot from any other State and am not voting in any other manner in this election, except by absentee process, and have not voted and do not intend to vote in this election at any other address.

(9) \_\_\_\_\_ (Signature of person requesting ballot)

(10) \_\_\_\_\_ (Full name, typed or printed, with rank or grade, and service number)

(11) Subscribed and sworn to before me on \_\_\_\_\_ (Day, month, and year)

\_\_\_\_\_ (Signature of official administering oath) \_\_\_\_\_ (Typed or printed name of official administering oath)

\_\_\_\_\_ (Title or rank, service number, and organization of administering official)

INSTRUCTIONS

A. Before filling out this form see your voting officer in regard to the voting laws of your State and absentee registration and voting procedure.

B. Type or print all entries except signature. FILL OUT BOTH SIDES OF CARD.

C. Address card to proper State official. Your voting officer or commanding officer will furnish you his title and address.

D. Mail card as soon as your State will accept your application.

E. NO postage is required for the card.

(c) Upon the other side of the card there shall be printed in red type the following:

FILL OUT BOTH SIDES OF THE CARD

\_\_\_\_\_ (Name)

\_\_\_\_\_ (Unit, Gov. Agency, or Office)

\_\_\_\_\_ (Mil. Base, Sta., Ship or Office)

\_\_\_\_\_ (Street No., APO, or FPO No.)

\_\_\_\_\_ (City, Postal Zone, State)

FREE OF U. S. POSTAGE Including Air Mail

OFFICIAL ELECTION BALLOTING MATERIAL—VIA AIR MAIL

To: \_\_\_\_\_ (Title of Election Official)

\_\_\_\_\_ (County or Township)

\_\_\_\_\_ (City or Town, State)

SEC. 205. The previously authorized Federal post card shall be utilized prior to and in connection with the election for Members of Congress next ensuing after the date of enactment of this act, and the Presidential designee shall initiate action to make such forms available to departments and agencies having a need therefor. Thereafter only the post card form authorized in this act shall be utilized.

#### TITLE III

##### Definitions and miscellaneous provisions

SEC. 301. As used in this act—

(1) The term "Armed Forces" means the uniformed services as defined in section 102 of the Career Compensation Act of 1949 (63 Stat. 804), as amended.

(2) The term "members of the merchant marine of the United States" means persons (other than members of the Armed Forces) employed as officers or members of crews of vessels documented under the laws of the United States, or of vessels owned by the United States, or of vessels of foreign-flag registry under charter to or control of the United States, and persons (other than members of the Armed Forces) enrolled with the United States for employment, or for training for employment, or maintained by the United States for emergency relief service, as officers or members of crews of any such vessels; but does not include persons so employed, or enrolled for such employment, or maintained for such emergency relief service, on the Great Lakes or the inland waterways.

(3) The term "dependent" means any person who is in fact a dependent.

SEC. 302. Official post cards, ballots, voting instructions, and envelopes referred to in this act, whether transmitted individually or in bulk, shall be free of postage, including airmail postage, in the United States mails.

SEC. 303. Every individual concerned with the administration of this act shall take all necessary steps to prevent fraud, to protect voters against coercion of any sort, and to safeguard the integrity and secrecy of ballots cast.

SEC. 304. No act done in good faith under this act by a person serving in or with the Federal or military service of the United States in the exercise of his judgment as to what was practicable and compatible with military, merchant marine, or other Federal governmental operations, shall constitute a violation of any provision of law relating to the elective franchise.

SEC. 305. It shall be unlawful for any commissioned, noncommissioned, warrant, or petty officer in the Armed Forces (1) to attempt to influence any member of the Armed Forces to vote or not to vote for any particular candidate, or (2) to require any member of the Armed Forces to march to any polling place or place of voting, but nothing in this act shall be deemed to prohibit free discussion regarding political issues or candidates for public office.

SEC. 306. If any provision of this act or the application of such provision to any person or circumstance shall be held invalid, the validity of the remainder of the act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

SEC. 307. The act entitled "An act to provide for a method of voting, in time of war, by members of the land and naval forces absent from the place of their residence", approved September 16, 1942 (56 Stat. 753), as amended, is repealed.

SEC. 308. There are hereby authorized to be appropriated such funds as may be necessary to carry out the purposes of this act.

Amend the title so as to read: "An act making recommendations to the States for the

enactment of legislation to permit and assist Federal personnel, including members of the Armed Forces, and their families, to exercise their voting franchise, and for other purposes."

With the following committee amendments:

Page 5, line 18, strike out "not later than 45 days" and insert "as soon as practicable."

Page 8, strike out all after line 23 over to and including line 2 on page 9 and insert:

"(a) The cards shall be approximately 9½ by 4½ inches in size."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "An act making recommendations to the States for the enactment of legislation to permit and assist Federal personnel, including members of the Armed Forces and their families, to exercise their voting franchise, and for other purposes."

A motion to reconsider was laid on the table.

House Resolution 149, providing for the consideration of the foregoing bill and H. R. 3406, a similar House bill, was laid on the table.

#### INCREASE IN SALARIES OF JUSTICES AND JUDGES OF UNITED STATES COURTS AND MEMBERS OF CONGRESS

Mr. CELLER. Mr. Speaker, I ask unanimous consent that conferees on the part of the House on the bill H. R. 3828 may have until midnight tonight to file a conference report.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

#### ADMISSION OF NEW STATES

Mr. DAVIS of Georgia. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. DAVIS of Georgia. Mr. Speaker, I have today introduced a House joint resolution to amend the Constitution to provide that hereafter a new State may be admitted into the Union only by established procedure of amending the Constitution. This House joint resolution would require that such a proposal to admit a new State to the Union must be ratified by three-fourths of the States before the new State could be admitted.

Our Government is a Republic, a Federal Union composed of 48 sovereign States. Section 3 of article IV of our Constitution confers upon Congress authority to admit new States into the Union. The only voice given the States upon the question is the provision that no new State shall be formed within the jurisdiction of another State; nor shall any new State be formed by the junction of two or more States or parts of States

without the consent of the legislatures of the States concerned as well as of the Congress.

Under present law it is possible for a statehood bill, such as the pending statehood bills for Hawaii and Alaska, to come up for action and be enacted into law through a simple majority of those present and voting. The membership of the House is 435. A quorum is 218. The membership of the Senate is 96, and a quorum is 49. A majority of a quorum can pass a bill. Hence it is possible under present law for a new State to be created by a vote of 110 in the House and 25 in the Senate, which is just slightly more than one-fourth of the membership of the 2 bodies.

The question of admitting new States to our Union now involves some questions which were not involved in the admission of new States in the past.

Up to the present time, each proposed new State has not only been on the continent of North America, but it has been adjacent to the United States and upon admission became a component part of the land area of the United States, which up to this time has been an entire, unbroken land area.

It is extremely improbable that we will have the opportunity to admit any new State which would fill this description. It would have to come from Canada on the north or Mexico in the southwest. So far as Alaska and Hawaii are concerned, Canada lies between our country and Alaska, and the Pacific Ocean between our country and the Hawaiian Islands.

The admission of a new State is a matter of the greatest concern to every citizen of the United States. The admission of a State is an irrevocable act. No State has ever been put out of the Union, and no provision has been made for such action. A State cannot voluntarily separate itself from the Union. The Confederate States undertook to secede during the War Between the States, but were defeated, which established the fact that a State cannot secede. So, once in the Union, always in.

When the present method of admitting new States was adopted I think it can be said with certainty that the framers of the Constitution did not contemplate the admission to statehood of far distant land areas not contiguous to the main body or island areas far removed from our continent.

The admission of a new State lessens the voting power of existing States both in the House and in the Senate. In the present Senate the majority party is in the majority by only 1 vote. The Democrats have 48 Senators and the Republicans have 47. In the last Congress the majority party in the House was in the majority only by 4 votes. The Republicans in the last Congress had 219 Members in the House. The Democrats had 215.

Where the division is so close the admission of 1 new State or 2 new States might well determine the question as to which political party would be the majority party. On legislative questions where there is a close division, and this is frequently the case, the vote of

the Senators or Representatives of a new State might well determine the question whether a bill would be passed or defeated.

Thus the question as to whether a new State should be admitted is of great importance to each of the States now composing our Union, and to the citizens of those States. The granting or refusal of statehood to one or more prospective new States might well chart the future course of our country and our Government. It might well change the course of our Government and set it off in a new direction.

The admission of a new State into our Union amounts to taking that State into partnership with the existing States. It is much the same as taking a new partner into an existing partnership, and always the admission of a new partner is a question to be passed upon by the members of the partnership.

One of my colleagues pointed out last year that Congress under present constitutional provisions may admit a new State to the Union with no more formality than when it permits the District of Columbia to set daylight-saving time for the city of Washington. A two-thirds vote of Congress is required to override a Presidential veto, and a three-fourths vote to amend the Constitution. Yet a new State may be created by a majority vote of a quorum. The trend of constitutional development in the United States has been toward more popular control. Our Constitution has been amended several times to give the people more control over Government, and to bring control of Government nearer home. The 15th and the 19th amendments extended the right of suffrage to two new groups of voters. An amendment providing for popular election of Senators was adopted.

If every State had to act upon a ratification of a proposal by Congress to admit a new State, such proposal would have much wider consideration by the people of the United States. This would open up another channel of popular control of our National Government. It would give a greater understanding to citizens all over our country of the factors and considerations involved, which they could not possibly have when the decision is to be made completely in the Halls of Congress in the Capital City, which in fact is far removed from the citizens whose rights are vitally affected by the action taken.

#### EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the RECORD, or to revise and extend remarks, was granted to:

Mr. KILDAY and to include an address.

Mr. LANE in two instances and to include extraneous matter.

Mr. CANFIELD (at the request of Mr. ARENDS) in two instances and to include extraneous matter.

Mr. PHILBIN in two instances and to include extraneous matter.

Mr. BOLAND and to include extraneous matter.

Mr. GATHINGS.

Mr. QUIGLEY.

Mr. ROOSEVELT.

Mr. BROWNSON and to include a statement.

Mr. FRELINGHUYSEN and to include extraneous matter.

Mr. MULTER (at the request of Mr. McCORMACK) and to include extraneous matter.

Mr. VURSELL.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. AVERY (at the request of Mr. HOPE), on account of urgent business matters in the State of Kansas.

#### ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 55 minutes p. m.) the House adjourned until tomorrow, Friday, February 25, 1955, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

464. A letter from the Assistant Secretary of the Interior, transmitting a report showing tabulations submitted by the Director of the Bureau of Land Management showing the withdrawals and restorations of land made in certain cases for the period from January 1, 1954 through December 31, 1954, pursuant to the act approved June 25, 1910 (36 Stat. 847, 16 U. S. C. sec. 471, 43 U. S. C. sec. 141 et seq.); to the Committee on Interior and Insular Affairs.

465. A letter from the Assistant Secretary of the Interior, transmitting a proposed award of a concession permit to Erwin H. Flother, which will, when approved by the Superintendent, authorize the permittee to operate the Willow Beach Trout Camp on Lake Mohave, Lake Mead national recreation area, Arizona, for the term from January 1, 1955, to December 31, 1955, pursuant to the act of July 31, 1953 (67 Stat. 271); to the Committee on Interior and Insular Affairs.

466. A letter from the Assistant Comptroller General of the United States, transmitting a report on the audit of the Southeastern Power Administration, an agency in the Department of the Interior, for the fiscal year ended June 30, 1954, pursuant to the Budget and Accounting Act, 1921 (31 U. S. C. 53), and the Accounting and Auditing Act of 1950 (31 U. S. C. 67); to the Committee on Government Operations.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BURLESON: Committee on House Administration. House Resolution 31. Resolution to provide funds for the expenses of the investigations authorized by House Resolution 30; without amendment (Rept. No. 72). Ordered to be printed.

Mr. BURLESON: Committee on House Administration. House Resolution 89. Resolution to provide funds for the studies and investigations to be conducted pursuant to House Resolution 88; with amendment (Rept. No. 73). Ordered to be printed.

Mr. BURLESON: Committee on House Administration. House Resolution 110. Resolution providing for the expenses of conducting studies and investigations authorized by rule XI (8) incurred by the Committee on Government Operations; with amendment (Rept. No. 74). Ordered to be printed.

Mr. BURLESON: Committee on House Administration. House Resolution 128. Resolution to provide funds for the expenses of the investigation and study authorized by House Resolution 35; without amendment (Rept. No. 75). Ordered to be printed.

Mr. BURLESON: Committee on House Administration. House Resolution 129. Resolution to provide funds for the investigations and studies to be made by the Committee on Veterans' Affairs pursuant to House Resolution 63; without amendment (Rept. No. 76). Ordered to be printed.

Mr. BURLESON: Committee on House Administration. House Resolution 131. Resolution to provide funds for necessary expenses of the Committee on the District of Columbia; without amendment (Rept. No. 77). Ordered to be printed.

Mr. BURLESON: Committee on House Administration. House Resolution 140. Resolution creating a position as stenographer to the Postmaster; with amendment (Rept. No. 78). Ordered to be printed.

Mr. CELLER: Committee of conference. H. R. 3828. A bill to adjust the salaries of judges of United States courts, United States attorneys, Members of Congress, and for other purposes (Rept. No. 79). Ordered to be printed.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. THOMPSON of Texas:

H. R. 4356. A bill to amend the Agricultural Adjustment Act of 1938, with respect to rice allotment history; to the Committee on Agriculture.

By Mr. ANFUSO:

H. R. 4357. A bill to amend the Refugee Relief Act of 1953 to establish a Refugee Relief Commission, to permit the issuance of any visas which remain unused at the termination of the program, to eliminate certain requirements in the case of refugees applying for visas, and for other purposes; to the Committee on the Judiciary.

By Mr. AYRES:

H. R. 4358. A bill to incorporate the Seabee Veterans of America; to the Committee on the Judiciary.

By Mr. BALDWIN:

H. R. 4359. A bill to amend the act of September 30, 1950 (64 Stat. 1096) to provide for the conveyance of certain real property to the city of Richmond, Calif.; to the Committee on Merchant Marine and Fisheries.

By Mr. JOHNSON of Wisconsin:

H. R. 4360. A bill to establish milk and butterfat as basic agricultural commodities, and for other purposes; to the Committee on Agriculture.

By Mr. HARRIS:

H. R. 4361. A bill to amend the act entitled "An act authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes" approved September 3, 1954; to the Committee on Public Works.

By Mr. PATMAN:

H. R. 4362. A bill to amend the act entitled "An act authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes," approved September 3, 1954; to the Committee on Public Works.

By Mr. DEMPSEY:

H. R. 4363. A bill authorizing the conveyance of certain property of the United States to the State of New Mexico; to the Committee on Armed Services.

H. R. 4364. A bill to create a Federal highway corporation for financing the construction of the national system of interstate highways; to amend and supplement the Federal-Aid Road Act approved July 11, 1916 (39 Stat. 355), as amended and supplemented, and for other purposes; to the Committee on Public Works.

By Mr. DORN of South Carolina:

H. R. 4365. A bill to amend section 502 of the Servicemen's Readjustment Act of 1944, so as to increase the maximum amount in which farm realty loans may be guaranteed thereunder; to the Committee on Veterans' Affairs.

H. R. 4366. A bill to amend title III of the Servicemen's Readjustment Act of 1944, as amended, to authorize the Administrator of Veterans' Affairs to make direct loans to eligible veterans for the purchase, repair, alteration, construction, or improvement of farm property, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. EDMONDSON:

H. R. 4367. A bill to provide for the distribution of funds belonging to the members of the Creek Nation of Indians, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. FOGARTY:

H. R. 4368. A bill to authorize the Public Housing Commissioner to enter into agreements with local public-housing authorities for the admission of elderly persons to federally assisted low-rent housing projects; to the Committee on Banking and Currency.

By Mr. GUBSER:

H. R. 4369. A bill to amend the Immigration and Nationality Act; to the Committee on the Judiciary.

By Mr. KLEIN:

H. R. 4370. A bill to amend the Public Utility Holding Company Act of 1935, so as to permit certain registered holding companies to control integrated public utility systems located in the Philippines; to the Committee on Interstate and Foreign Commerce.

By Mr. MARSHALL:

H. R. 4371. A bill to amend the Federal Highway Act to increase the amount paid by the Federal Government for the construction and maintenance of certain highways; to the Committee on Public Works.

By Mr. METCALF:

H. R. 4372. A bill creating a Federal commission to formulate plans for the construction in the District of Columbia of a civic auditorium, including an Inaugural Hall of Presidents and a music, drama, fine arts, and mass communications center; to the Committee on the District of Columbia.

H. R. 4373. A bill to provide for the issuance of a special postage stamp in honor of the late Charles Russell; to the Committee on Post Office and Civil Service.

H. R. 4374. A bill to encourage the discovery, development, and production of manganese-bearing ores and concentrates in the United States, its Territories and possessions, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MORANO:

H. R. 4375. A bill to suspend for 1 year certain duties upon the importation of aluminum and aluminum alloys; to the Committee on Ways and Means.

By Mr. PHILBIN:

H. R. 4376. A bill to exempt from duty the importation of certain handwoven fabrics when used in the making of religious vestments; to the Committee on Ways and Means.

H. R. 4377. A bill to amend the Refugee Relief Act of 1953 to provide that certain former members of the Polish armed forces re-

siding in the British Isles may be admitted to the United States without presenting a certificate of readmission as required by section 7 (d) of that act; to the Committee on the Judiciary.

H. R. 4378. A bill relating to the promotion of certain officers and former officers of the Army of the United States, or of the Air Force of the United States, or of any component thereof, retired for physical disability; to the Committee on Armed Services.

H. R. 4379. A bill for the relief of sufferers of casualty losses, and for other purposes; to the Committee on Ways and Means.

H. R. 4380. A bill to amend the Armed Services Procurement Act of 1947, with respect to the procurement of supplies from small-business concerns; to the Committee on Armed Services.

H. R. 4381. A bill to clarify the deduction for income-tax purposes of allowances for salaries or other compensation for personal services; to the Committee on Ways and Means.

H. R. 4382. A bill to allow an exemption of \$25,000 corporate income taxes on corporations which has been expended by the corporation for capital expenditures; to the Committee on Ways and Means.

H. R. 4383. A bill to provide for the relief of certain Reserve officers formerly in the Regular Army and Navy and who were appointed prior to August 24, 1912, and March 4, 1913, respectively; to the Committee on Armed Services.

H. R. 4384. A bill to require that one member of the Interstate Commerce Commission be from the New England States; to the Committee on Interstate and Foreign Commerce.

H. R. 4385. A bill to permit the naturalization of certain persons whose sons and daughters have served with the land or naval forces or the maritime service of the United States; to the Committee on the Judiciary.

H. R. 4386. A bill to provide that preference will be given in the awarding of Government procurement contracts to firms which will perform a substantial proportion of the production on such contracts in areas having a surplus of labor; to the Committee on the Judiciary.

H. R. 4387. A bill to amend section 201 of the Immigration and Nationality Act, so as to provide that all quota numbers not used in any year shall be made available to immigrants in oversubscribed areas in the following year, and for other purposes; to the Committee on the Judiciary.

By Mr. PHILBIN (by request):

H. R. 4388. A bill to allow to corporations an exemption of \$25,000 for income-tax purposes, and to provide that the combined normal tax and surtax rate of 38 percent shall be applicable to corporations having taxable incomes of less than \$50,000; to the Committee on Ways and Means.

By Mr. RADWAN:

H. R. 4389. A bill to provide that a special gold star shall be added to the flag of the United States, in honor of the members of the Armed Forces who have died in the service of their country; to the Committee on the Judiciary.

By Mr. REUSS:

H. R. 4390. A bill to provide a \$20 credit against the individual income tax for each personal exemption; to the Committee on Ways and Means.

By Mr. RIVERS:

H. R. 4391. A bill to abolish the Castle Pinckney National Monument, in the State of South Carolina, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SIMPSON of Pennsylvania:

H. R. 4392. A bill to amend the Internal Revenue Code of 1954 to provide a special method of taxation for real-estate investment trusts; to the Committee on Ways and Means.

By Mr. VINSON:

H. R. 4393. A bill to provide for the construction and conversion of certain modern naval vessels, and for other purposes; to the Committee on Armed Services.

By Mr. KEOGH:

H. R. 4394. A bill to amend section 3401 of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. LESINSKI:

H. R. 4395. A bill to amend the National Labor Relations Act in order to permit supervisors to be considered as employees under the provisions of such act, and for other purposes; to the Committee on Education and Labor.

By Mr. POWELL:

H. R. 4396. A bill creating a Federal commission to formulate plans for the construction in the District of Columbia of a civic auditorium, including an Inaugural Hall of Presidents and a music, drama, fine arts, and mass communications center; to the Committee on the District of Columbia.

By Mr. WALTER:

H. R. 4397. A bill to provide for the appointment of an additional district judge for the middle district of Pennsylvania; to the Committee on the Judiciary.

By Mr. BURLESON:

H. J. Res. 232. Joint resolution authorizing the erection of a memorial gift from the Government of Venezuela; to the Committee on House Administration.

By Mr. DAVIS of Georgia:

H. J. Res. 233. Joint resolution proposing an amendment to the Constitution with respect to the admission of new States as sovereign States of the United States; to the Committee on the Judiciary.

By Mr. PHILBIN:

H. J. Res. 234. Joint resolution to designate payments to disabled veterans as partial repayment of debt owed and not as gratuities; to the Committee on Veterans' Affairs.

By Mr. MULTER:

H. Con. Res. 87. Concurrent resolution expressing the sense of the Congress with respect to the establishment of uniform traffic laws throughout the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. COOLEY:

H. Res. 156. Resolution to provide funds for the expense of the studies and investigations authorized by House Resolution 139; to the Committee on House Administration.

By Mr. MULTER:

H. Res. 157. Resolution amending the Rules of the House of Representatives to provide that the Committee on Banking and Currency shall have jurisdiction over all consumer problems; to the Committee on Rules.

## MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

By Mr. UDALL: Memorial of the House of Representatives of Arizona concerning withdrawal of tribal lands of Papago Indian Reservations from mining locations; to the Committee on Interior and Insular Affairs.

By the SPEAKER: Memorial of the Legislature of the State of Nebraska, memorializing the President and the Congress of the United States to appropriate sufficient funds to complete Glendo Dam in 1957; to the Committee on Appropriations.

Also, memorial of the Legislature of the Territory of Alaska, memorializing the President and the Congress of the United States to appropriate an amount equal to 25 percent of the amount of Tongass timber receipts impounded in each preceding year; to the Committee on Appropriations.

Also, memorial of the Legislature of the Territory of Alaska, memorializing the President and the Congress of the United States

to include Alaska in any special Federal-State-local highway program which may be evolved as a result of the recommendations of the Clay committee; to the Committee on Public Works.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHMORE:

H. R. 4398. A bill to direct the Secretary of Agriculture to release on behalf of the United States conditions in two deeds conveying certain submarginal lands to Clemson Agricultural College of South Carolina so as to permit such college, subject to certain conditions, to sell, lease, or otherwise dispose of such lands; to the Committee on Agriculture.

H. R. 4399. A bill for the relief of James E. Taylor; to the Committee on the Judiciary.

By Mr. AYRES:

H. R. 4400. A bill for the relief of Miles J. Irish; to the Committee on the Judiciary.

By Mr. BECKER:

H. R. 4401. A bill for the relief of Kalle Kalervo Siermala; to the Committee on the Judiciary.

By Mr. BOWLER:

H. R. 4402. A bill for the relief of Nicolas Maslak (Mayslak); to the Committee on the Judiciary.

By Mr. BUCKLEY:

H. R. 4403. A bill for the relief of Edward Salas; to the Committee on the Judiciary.

By Mr. BUDGE:

H. R. 4404. A bill for the relief of certain Basque shepherders; to the Committee on the Judiciary.

By Mr. COUDERT:

H. R. 4405. A bill authorizing and requesting the President to award the Medal of Honor to Alphonse M. Rigo; to the Committee on Armed Services.

By Mr. DAVIDSON:

H. R. 4406. A bill for the relief of Mrs. Bertha Rossin; to the Committee on the Judiciary.

By Mr. DONOVAN:

H. R. 4407. A bill for the relief of Herta Nader; to the Committee on the Judiciary.

By Mr. GUBSER:

H. R. 4408. A bill for the relief of Kata Genero; to the Committee on the Judiciary.

By Mr. JENNINGS:

H. R. 4409. A bill for the relief of Leona C. Nash; to the Committee on the Judiciary.

By Mr. LANE:

H. R. 4410. A bill for the relief of William E. Ryan; to the Committee on the Judiciary.

By Mr. LESINSKI:

H. R. 4411. A bill for the relief of Hossein Golji; to the Committee on the Judiciary.

H. R. 4412. A bill for the relief of Wall Mohammad Kahn; to the Committee on the Judiciary.

By Mr. McMILLAN:

H. R. 4413. A bill for the relief of the Bethel Pentecostal Tabernacle, Inc.; to the Committee on the Judiciary.

By Mr. MACDONALD:

H. R. 4414. A bill for the relief of Antonia Martignetti; to the Committee on the Judiciary.

By Mr. NELSON:

H. R. 4415. A bill for the relief of Dr. Jou Sheng Tchao; to the Committee on the Judiciary.

By Mr. ROGERS of Florida:

H. R. 4416. A bill for the relief of Soterios Othon Nasiopoulos; to the Committee on the Judiciary.

H. R. 4417. A bill for the relief of Donald Nichols II; to the Committee on the Judiciary.

By Mr. TUMULTY:

H. R. 4418. A bill conferring jurisdiction upon the Court of Claims to hear and determine the claim of Auf der Heide-Aragona, Inc., and certain of its subcontractors against the United States, and to enter judgment thereon; to the Committee on the Judiciary.

By Mr. WOLCOTT:

H. R. 4419. A bill for the relief of Muhied-dine Abdul Kader El-Kadri; to the Committee on the Judiciary.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

120. By Mr. BUSH: Petition of members of Tioga Point Chapter, Daughters of the American Revolution, Athens, Pa., in support of the Bricker amendment with no substitute; to the Committee on the Judiciary.

121. By the SPEAKER: Petition of the national adjutant, Italian-American World War Veterans of the United States, Inc., Boardman, Ohio, petitioning consideration of their resolution with reference to opposing any effort which might be made by any governmental group or commission to in any way associate, relate, or integrate the degree of a disability, or disabilities, for service-connected compensation purposes to a disabled veteran's need for such benefit; to the Committee on Veterans' Affairs.

## EXTENSIONS OF REMARKS

### Soil-Conservation District Reports

#### EXTENSION OF REMARKS

OF

### HON. E. C. GATHINGS

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 24, 1955

Mr. GATHINGS. Mr. Speaker, soil conservation is one of the great challenges of our generation. The work of saving the soil, rebuilding eroded and depleted land, and the conserving of water on the ground is a task that is worthy of the greatest honor—and those men and women who are active in their local soil-conservation districts and who serve as supervisors and officers have earned the gratitude of both the rural and the city dweller. For, without their efforts, the basic resources of America would be lost or wasted and the future of our Nation would be doomed.

For this reason, it is pleasing for me to receive and study each year the annual reports of the local soil-conservation districts from the area I am privileged to serve. Eastern Arkansas, and the first district in particular, is fortunate to have strong, aggressive soil-conservation districts with active and able supervisors.

Although the first district did not participate in the district program prior to 1937, today there are 2,650 soil-conservation districts in the United States, cov-

ering four-fifths of the Nation's farmlands and almost 90 percent of our farms. Each county in the First Arkansas District is fortunate in that each has an active soil-conservation district.

As an example of the kind of work that they do, let it be pointed out that the Central Crowley Ridge Soil-Conservation District, with offices at Jonesboro, reported:

Nine group jobs were completed this year. This is a record for us, and we believe for this part of the country. Twenty-seven thousand three hundred and seventy-seven acres were planned for soil and water conservation, and more people learned more about their soil-conservation district than in any other one year that we know of.

This fine report is signed by the board of supervisors, consisting of Chairman Frank Barton, Joe C. Willett, Dr. Ralph Sloan, L. C. Stark, and J. W. Crafton.

The splendid work of the St. Francis Soil Conservation District, headed by Supervisors Homer Towns, W. W. Campbell, V. O. Turner, Burt Sulcer, and Thomas McDaniel, has resulted in great savings on the 407,040 acres inside the district. The 1954 annual report states:

In 1954 there were 83 new agreements covering 18,461 acres. This makes a total of 913 agreements covering 271,417 acres. Conservation surveys (soil maps) have been completed on 346,726 acres.

The Lee County Soil Conservation District, which covers an area of 396,800 acres under the direction of Supervisors Harvey Wilson, Lon Mann, Tom Gist,

R. H. Lindsey, Jr., and Carl Nash, states in the 1954 report:

During 1954, 80 farms were planned with a total of 13,241 acres, making a total of 887 farms and 199,618 acres under agreement.

The Greene County Soil Conservation District has issued a fine report for 1954 stating their accomplishments and also containing an excellent philosophy of soil conservation. It is a credit to the good men who are supervisors for this district, Chairman George Wadley, King O'Neal, Earl Gramling, Curtis Cruse, and Judge J. Ed Thompson.

The Clay County Soil Conservation District, under the direction of supervisors W. H. Irby, Charles Smart, Fred Ahrent, Ed Bellmeyer, and Roy Barnett, has issued a fine 1954 report which shows that the district now has 1,129 cooperators covering some 159,379 acres. This is an increase during 1954 of 100 new cooperators and 16,137 acres.

The Phillips County Soil Conservation District, under the leadership of supervisors George Brandon, Earl Wells, F. F. "Happy" Kitchens, F. A. Clements, and Weldon Jackson, states in their 1954 report:

We now have 312 cooperators working with us, and they have 139,642 acres in their farms. Twenty-four farmers signed cooperative agreements in 1954, bringing in 34,032 acres. Sixty cooperative agreements were changed to basic conservation plans during the year. Three farms had 7,946 acres in them.